



**DYNAMICS OF RELATIONALITY IN NEGOTIATIONS:
A MULTI-PERSPECTIVE FRAMEWORK**

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**A THESIS SUBMITTED IN FULFILMENT OF THE REQUIREMENTS
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY**

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MACQUARIE UNIVERSITY
SYDNEY, AUSTRALIA
AUGUST 2016**

STATEMENT

This thesis is submitted in fulfillment of the requirements for the degree of Doctor of Philosophy, in the Department of Marketing and Management, Macquarie University. I hereby certify that this thesis is a product of my original work, except to the extent that assistance, contributions, and help from others have been explicitly acknowledged in the thesis. As part of the Cotutelle agreement between Macquarie University and Fudan University, this thesis has not, nor has any part of it, been submitted for a degree to any other university or institution other than Macquarie University and Fudan University.

This thesis has obtained the ethics committee approval (reference number: 5201400932) on 11 November, 2014, with an amendment of the project title approved on 9 November, 2015 (Appendix VII). Furthermore, based on the research work in this thesis, two refereed journal papers*, four conference papers† and one book chapter‡ have been achieved.

Junjun Cheng

25 August, 2016

* Cheng, J., Huang, Y., & Su, Y. Relationality in Negotiations: A Systematic Review and Propositions for Future Research. *International Journal of Conflict Management*. Forthcoming.

Cheng, J., Huang, Y., & Su, Y. Relationality in Buyer-Seller Negotiations: Evidence from China. *Contemporary Management Research*. Forthcoming.

† Cheng, J., Huang, Y., & Su, Y., 2016. Cultural Effects on Relationality in Negotiations: An Experimental Study. *Proceedings of the 2016 Academy of Management (AOM) Meeting*. Anaheim, California, United States. 5th - 9th August, 2016.

Cheng, J., Huang, Y., Su, Y., & Wu, Z., 2016. Exploring New Frontiers of Relationality in Negotiations: A Systematic Review. *The 7th International Association for Chinese Management Research (IACMR) Biennial Conference: Culture and Chinese Management*, Hangzhou, China. 15th – 19th June, 2014.

Cheng, J., Huang, Y., & Su, Y., 2016. Relationality in Buyer-Seller Negotiations: Evidence from China. *The Second HR Division International Conference (HRIC)*, University of New South Wales, Sydney, Australia. 21st February, 2016.

Cheng, J., Huang, Y., & Su, Y., 2016. Culturally Varied Relationality in Buyer-Supplier Negotiations: A Multi-Session Simulation. *The annual meeting of the Australia and New Zealand International Business Academy 2016*, University of Sydney, Sydney, Australia. 18th February, 2016.

‡ Cheng, J., Wu, Z. & Su, Y., May 2015. From relationality, behavioral dynamics to dynamic relationality: A new perspective on cross-cultural negotiations. In A. A. Camillo (Ed.), Vol. I., ISBN 9781137429582. *Global Enterprise Management: A New Perspective on Challenges and Future Development* (pp.171-188). NY, NY: Palgrave MacMillan.

ACKNOWLEDGEMENTS

I would like to express my gratitude to all individuals and institutions that have contributed to the completion of my PhD thesis. Many thanks to Macquarie University for offering me the opportunity to conduct my jointly supervised PhD study under the Cotutelle agreement, and awarding me the International Macquarie University Research Excellence Scholarship (iMQRES) and the Macquarie University Postgraduate Research Fund (PGRF), which directly supported my PhD research and attending international conference.

My special gratitude goes to my principal supervisor, Dr. Yimin (Stephanie) Huang, at Department of Marketing and Management, Macquarie University. Her invaluable guidance and comments, constructive criticism, and meticulousness ensured my research on the right track, and led my work all the way to a promising direction. I would also like to appreciate my adjunct supervisor, Professor Yong Su, at School of Management, Fudan University, for his genuine care, advice and support throughout my PhD thesis writing process. Words are not enough to express my sincere gratitude for their unreserved encouragement at all times.

I am grateful to Dr. Ying (Candy) Lu, Dr. Ying (Cathy) Xu, Dr. Monica Ren, Dr. Jie Meng, Dr. Salut Muhidin and Dr. Onur Ates, and many other academics at Faculty of Business and Economics, Macquarie University who were greatly supportive for my research data collection. I would also like to thank Ms. Lin Bai, Ms. Agnieszka Baginska, and all others at Faculty and University Higher Degree Research Office for their support during my PhD research.

I would like to extend my appreciation to Professor Yadong Luo at University of Miami School of Business, Professor Jane Lu at University of Melbourne, Professor Xiaoping Chen at Foster School of Business, University of Washington, Dr. Harry Gu at Shanghai University, and Dr. Zhan Wu at Sydney Business School, for their insightful suggestions, meaningful recommendations and encouragement on my PhD research project.

I also would like to thank my dear friends, fellow students, and family members whose support pulled me through all the difficulties, and made my research journey enjoyable. I

am especially grateful to my parents and parents-in-law, whose unconditional love have always been the source of my confidence in pursuing my research goals. Finally, I am mostly indebted to my beloved wife, Mrs. Yi Zhan. Her wholehearted love, selfless dedication, and warm encouragement have always been my consolation during my tough times in research and my life.

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ABSTRACT

Negotiation is a dynamic decision-making and communication process adopted by two or more parties to solve conflicts in human societies. There is abundant literature on negotiation phenomena. Scholars from multiple disciplines have developed many theoretical frameworks, equations and models to explain behavioral and psychological mechanisms of interactions among negotiators. Nevertheless, current research lacks emphasis on relationality as a critical perspective (Ingerson, DeTienne, & Liljenquist, 2015). Most studies have conceptualized the negotiation process as arelational, static, linear, and decontextualized. For this reason, researchers have proposed re-constituting negotiation theories with critical perspectives regarding relationality, dynamics and culture. This enables better exploration of the long-ignored behavioral mechanisms and influential elements embedded in negotiations, and provides a fine-grained description of substantive negotiations. This research aims to address this call to empirically investigate the dynamics of relationality in negotiations.

This research first reviewed the main theories and findings in negotiation literature, and then discussed the theoretical foundation of three critical but under-researched perspectives, i.e., relationality, temporal dynamics and culture. A content analysis of 264 negotiation research reports published in 30 top academic journals over the past 15 years (January 2000 to December 2014) shows only 33 papers have an explicit focus on any of the critical perspectives. This reveals a lack of research regarding relationality, temporal dynamics and cultural variance in negotiation studies. Following this observation, this research developed a multi-perspective theoretical framework with hypotheses on the dynamics of relationality, and designed three empirical studies to test the hypotheses.

A pilot study tested some scales commonly shared among the following studies. Study 1 was a laboratory observational study, with a sample of 52 MBA students from a Shanghai university. Based on the data provided before and after their negotiation simulation on an individual buyer/seller task, the result supported that relational constructs play a salient role in strong relational cultures.

Additional data were collected for study 2 and 3 in an Australian university. The effective sample included psychological and behavioral self-reported data from 82 students with

work experience. Participants completed two-round business negotiations simulating inter-firm buying/selling tasks. The author content-analyzed the recorded negotiation conversations in the second round, including 32003 minutes of recording which was transcribed into 62686 words, 3839 speaking turns and 4137 thought units. These data were used to calculate relative frequencies of different negotiation behaviors.

Study 2 employed data from 42 participants (21 dyads) within the above database for correlation analysis and regression analysis. The research scope was extended from mono-cultural one-round negotiations to intracultural multi-round negotiations in multiple cultural groups. The experimental treatment was the dyadic cultural difference between strong relational culture and weak relational culture. In general, study 2 found remarkable differences in impacts of relationality between high- and low-relational cultures. For certain main effects, the bicultural-context variable plays a moderator role with statistical significance.

Study 3 utilized the data of 76 participants (38 dyads) from the above database for correlation analysis and regression analysis. The research scope was further extended from an intracultural context to an intercultural context. The experimental treatment was the dyadic cultural difference between inter- and intracultural groups. Generally speaking, study 3 revealed the applicability of cultural adaptation theory in strong relational cultures, as well as the mitigating effects of inter- vs. intercultural context on the impacts of negotiation behaviors on subjective outcomes.

This research makes substantial contributions to negotiation knowledge by identifying the rationales of relationality in negotiations. First, based on the empirical studies in both high- and low-relational cultural contexts, the findings support the salient presence of relationality in intracultural negotiations. The research has unraveled that negotiators' relational propensity impacts negotiation interactions and subjective outcomes, through its influences on relational commitment. This supplies new evidence regarding the impact of individual differences on negotiation outcomes. Second, this research contributes to the current understanding of relationality in negotiations in relation to cultural dynamics. The role of relational orientation (relational self-construal) was contingent upon the (high- or low-) relational context, implying a cultural boundary of relational accommodation in negotiations. It is also revealed that inter- vs. intracultural context

undermines the behavioral impacts on subjective outcomes in negotiations. Third, the research discovered feedback effects across negotiation sessions, substantiating the conceptualization of negotiation as a sequence of interrelated sessions and relationality as a dynamic notion related to its temporal progression. Fourth, this thesis investigated cultural adaptation in intercultural negotiations. The results delimitate the cultural adaptation theory, as cultural adaptation was only discovered among negotiators from high-relational cultures. These empirical findings suggest that future research should pay more attention to the capacity of existing theories to explain negotiation phenomena in new cultural contexts.

Keywords

Negotiation Behaviors, Interactions, Relational, Dynamic, Culture, Integrative view

CHAPTER 1: INTRODUCTION¹

1.1 Research Background

Negotiation—defined as a dynamic decision-making process through communication to achieve consensus between two or more parties (Curhan, Neale, Ross, & Rosencranz-Engelmann, 2008; Weingart & Olekalns, 2004a)—is often employed as a constructive approach to solving interpersonal disputes, maintaining relationship commitments, promoting inter-organizational partnerships and managing international conflicts (De Dreu, Weingart, & Kwon, 2000b; Pruitt, 1981). Research on negotiation has enhanced our understanding of an extensive range of phenomena, including negotiators' cognitive bias (Gelfand, Higgins, Nishii, Raver, Dominguez, Murakami et al., 2002), social motives (Tzafrir, Sanchez, & Tirosh-Unger, 2012), emotions (Sinaceur, Van Kleef, Neale, Adam, & Haag, 2011) and communication processes (Chatman, Putnam, & Sondak, 1991; Weingart & Olekalns, 2004b). As stated by Gelfand, Major, Raver, Nishii, and O'Brien (2006): “few areas in organizational behavior have developed as rapidly, and with as much depth and breadth, as the field of negotiation” (427). Research on negotiation has extended across multiple disciplines beyond organizational studies and has now become an inter-disciplinary field attracting scholarly interest from economists, social psychologists, and marketing and management scholars.

Relationality, a state of being interrelated rather than discrete (Bradbury & Lichtenstein, 2000), is an indispensable element in negotiations. In everyday negotiation activities, we are constantly interacting with either strangers or acquaintances such as family members, friends and business partners. Though scholars have long been exploring negotiator behavior with an instrumental assumption, the relational perspective offers an alternative approach to studying negotiators (Ingerson et al., 2015), and the relational embeddedness in negotiation interactions across different cultural contexts (Ramirez-Marin & Brett, 2011).

Despite the prominence of relationality in negotiations, its occurrence in the literature is remarkably sparse. Much of the experimental literature presumes negotiators to be

¹ Certain contents of Chapter 1, 2 and 3 have been adapted into the article entitled *Relationality in Negotiations: A Systematic Review and Propositions for Future Research* (in press), accepted by *International Journal of Conflict Management*.

“isolated actors ... unfettered by social relationships”, and participants in laboratory settings are deprived of relational constraints because there is “no history or future outside the confines of experiments” (Barley, 1991: 168-169). Relational aspects of negotiations are important, yet this area has remained under-researched over the last few decades. Hence, Ingerson et al. (2015) recently called for a “relational approach” to compensate for the “arelational view” in the negotiation literature (Gelfand et al., 2006).

While one may see the role of relationship as predefined, it is inherently dynamic. The relationships with others influence our decisions and strategies made in negotiations. And our negotiation practices can in turn “reconstitute and reshape relationships” with the counterparts (Thompson, Wang, & Gunia, 2010: 502). Cultural diversity further escalates this dynamic pattern of relationality in international negotiations. Whereas people in certain cultures “tend to think themselves as independent of relationships” (Cross, Bacon, & Morris, 2000: 791), people in other cultures define themselves as embedded in social relationship networks (Cross, Gore, & Morris, 2003; Ramirez-Marin & Brett, 2011). Thus when negotiating across cultural barriers, negotiators’ relational discrepancy complicates this dynamic social process.

In summary, this thesis seeks to fill the research gaps in the literature by systematically investigating the role of relationality in negotiations, exploring the dynamics of relationality across sessions, as well as identifying how relationality functions in different cultural settings, in order to advance an integrative view of negotiation characterized by relationality, temporal dynamics and cultural variances. In so doing, this thesis attempts to lay a foundation for the research on relationality in negotiations.

1.2 Research Objectives

Literature on negotiation has recognized the importance of relationality in negotiations (Greenhalgh, 1987; Greenhalgh & Chapman, 1998; Greenhalgh & Chapman, 1995; Greenhalgh & Gilkey, 1993). However, no prior work has ever attempted to systematically examine a range of relational constructs, as well as investigating how relationality connects to the temporal dynamics in different cultural settings. To fill these research voids, this thesis seeks to integrate the perspectives of relationality, temporal dynamics and cultural variances to address the under-researched phenomenon of dynamic relationality in both intra- and intercultural negotiations (Cheng, Wu, & Su, 2015). In

particular, this thesis pursues the following four primary research objectives:

First, this research aims to identify the saliency of relationality in negotiations by investigating the connections among a range of relational constructs in negotiations in a high-relational society.

Second, this research aims to examine the dynamics of relationality in negotiations by investigating whether relationality is linked across negotiation sessions.

Third, this research aims to compare the different functions of relationality in negotiations between high- and low-relational cultures.

Fourth, this research aims to reveal the role of relationality in intercultural negotiations by focusing on the phenomenon of cultural adaptation and behavioral consequences in intercultural context.

1.3 Research Questions

The overarching research question of this thesis is provided as below:

RQ: How does relationality affect the negotiation process and outcomes over time in different cultural settings?

This general research question will be grounded in the findings of the content-analysis of literature on negotiation (Chapter 3), and can be divided into three research questions which will be respectively covered by three empirical studies in this thesis.

RQ1: How do relational determinants affect the negotiation process and outcomes in high-relational cultures?

RQ2: Does the role of relationality in the negotiation process differ between high- and low-relational cultures?

RQ3: How does relationality impact negotiators in intercultural negotiations?

Each of these three research questions will be further divided into more specific research questions presented in the corresponding chapters for empirical studies.

1.4 Thesis Structure

The remainder of this thesis is structured as follows. It begins by reviewing mainstream theories and theoretical needs for critical perspectives in extant negotiation studies (Chapter 2). In what follows I employ the content analysis technique to scrutinize extant negotiation studies published in multiple research fields over the past 15 years (Chapter 3). As a result of the content analysis, several research gaps are pinpointed. Based on these research gaps, the general research question is proposed with a focus on the role of relationality. An overarching conceptual framework is then developed to lay a theoretical foundation for further empirical studies to answer this research question (Chapter 4). To begin with, I implemented a two-step pilot study to test the scale items to be used in the planned main studies (Chapter 5). The first study conducted negotiation simulations in a high-relational society to probe into the effects of indigenous relational constructs in negotiations (Chapter 6). The second study used a multi-session design to investigate how relationality functions differently between high- and low-relational cultures (Chapter 7). In the third study, a cross-cultural perspective was added to explore the phenomenon of cultural adaptation and the behavioral impacts in intercultural negotiations (Chapter 8). The thesis then concludes with discussions on theoretical contributions, managerial implications, and future research (Chapter 9). By changing simulation context, adding additional perspectives and investigating more variables from study 1 to 3, this research contributes to the extant literature by presenting an in-depth examination of the dynamic relationality inherent in negotiations in various cultural conditions.

CHAPTER 2: LITERATURE REVIEW²

Since the 1940s, research on negotiation has led to a wealth of conceptual frameworks and models to explore the underlying mechanisms of negotiators' interaction dynamics. A wide range of theories have been employed in negotiation studies with distinctive perspectives to provide prescriptive solutions for disputes, describe the conditions affecting negotiators and their performance or delineate the relationships between negotiation behavior and final agreements (see Bazerman, Curhan, Moore, & Valley, 2000; and Thompson et al., 2010, for a review). In this chapter, major theories of negotiation are reviewed and discussed, with the purpose of identifying knowledge gaps in this area for future research.

2.1 Major Negotiation Theories

2.1.1 Game theories

Since von Neumann and Morgenstern's (1944) classic work, the game-theoretical models have formed a major foundation of negotiation studies by modeling the optimal decision-making process in conflict resolutions and interactions between two or more parties. Its primary approach is to generate a mathematical solution such as the Nash equilibrium, a set of strategies and corresponding payoffs when no further change can be made under Pareto optimality (Nash, 1950). By assuming negotiating agents with full rationality, game theorists have successfully contributed to the design of bidding and voting mechanisms, thereby offering solutions for strategic decision-making in repeated negotiations as well as inspiring ideas with extensive applications in economics, politics and philosophy.

While game theories have been able to identify theoretical strategies for economically rational agents within well-structured conditions, they have failed to provide functional prescriptions on how negotiators should behave in real-life social interactions. Criticism has centered on discrepancies between the assumptions in game-theoretical models and the practical situations in negotiation (Sebenius, 1992). For example, while negotiators often wittingly exhibit purposive actions, they are not "idealized, super-rational people

² Certain contents of Chapter 1, 2 and 3 have been adapted into the article entitled *Relationality in Negotiations: A Systematic Review and Propositions for Future Research* (in press), accepted by *International Journal of Conflict Management*.

without psyches” (Bell, Raiffa, & Tversky, 1988: 9). Also, in game theories, players are assumed to own a set of common knowledge including utility functions, rules of the game as well as information pertaining to the game structure (Luce & Raiffa, 1957: 49). Knowing all the conditional information, as fundamentally assumed by game theoretical models, is seriously deviated from practical situations.

2.1.2 Decision-analytic approach

Unlike what is presumed in game theoretical models, negotiators’ behavioral rationality is frequently disturbed by miscellaneous factors in ongoing interpersonal interactions over time. In this instance decision analytic approach (a.k.a., negotiation analytic approach) offered an alternate solution to generate more useful prescriptions for negotiators in real-life circumstances. In developing this approach, Raiffa (1982) relaxed the stringent constraining assumptions applied in game theories and employed a set of basic concepts to help negotiators understand the situation and move forward in search of a satisfactory solution. Sebenius (1992) summarized a number of basic elements considered in this approach, including “*perceived interests, alternatives to negotiated agreement, the linked processes of ‘creating’ and ‘claiming’ value, and efforts to ‘change the game’ itself*” (26).

These concepts were then used by behavioral decision researchers to develop a wide variety of sophisticated theories with regard to negotiator’s biases in perceiving the negotiation structure (Tsay & Bazerman, 2009). For example, Neale and Bazerman (1985) examined two systematic biases when negotiators deviate from complete rationality by making decisions under the negotiating context. They found that negotiators would be affected by the framing of negotiations and overconfidence. Other systematic biases include fixed-pie perception when negotiators miss the integrative potentials to achieve more joint benefit (De Dreu, 2003), estimation error (or judgment accuracy) when they fail to assess their opponents’ payoff matrix (Moran & Ritov, 2007) and negotiators’ self-enhanced perspective-taking to exacerbate pro-self orientation when they are asked to consider opponents’ positions (Van Beest, Steinel, & Murnighan, 2011).

2.1.3 Dual concern and strategic choices

Dual Concern Theory, or Dual Concern Model (DCM: Pruitt, 1981; Ruble & Thomas, 1976), has often been related with research on problem-solving behavior or problem-

solving approach (PSA) in negotiation studies (Graham, Mintu, & Rodgers, 1994; Mintu-Wimsatt & Graham, 2004). DCM has many variations in terms of how researchers define the two dimensions used to predict negotiators' behavioral styles (a.k.a., strategic choices). Ruble and Thomas (1976) proposed that negotiators' conflict-handling styles vary along two dimensions: assertiveness and cooperativeness (see also Lewicki, Weiss, & Lewin, 1992: 213). The combination of negotiators' behavioral disposition on both these dimensions would result in one of the five behaviors proposed: competing, avoiding, accommodating, collaborating and compromising. This two-dimensional model refined previous unidimensional model which treated negotiation style as either competitive or cooperative and thus could be over-simplified in explicating complex real-life negotiation phenomena.

Assertiveness and cooperativeness represent, respectively, the degree to which one is concerned with his/her own or others' interests. Likewise, other studies supported the prediction that a high self-concern (focusing on personal goals) plus a high others-concern (focusing on the relationship) would lead to problem-solving behavior (i.e., integrative behavior) in negotiation (Ben-Yoav & Pruitt, 1984; Pruitt, 1983; Rhoades & Carnevale, 1999). Problem-solving behavior can be traced to the three strategies specified by the strategic choice model (Pruitt, 1981). This model proposes that negotiators can choose from three behavioral strategies: problem-solving, competitive and compromising. In opposition to inactive and withdrawal behavior, these coping strategies move the negotiation process forward to reach an agreement (Pruitt, 1983). Among them, the problem-solving behavior helps negotiators to effectively diagnose the problems and solve discrepancies by a range of tactical approaches, such as cost cutting, compensation or logrolling (Pruitt, 1983). This construct can be conceived as the aggregation of negotiation behaviors which are "cooperative, integrative and information-exchange oriented" (Adler & Graham, 1989: 523). It is a proactive behavioral choice which leads both parties toward a mutually beneficial solution.

DCM has also been coupled with Deutsch's (1949) cooperation theory to predict problem-solving behavior. The meta-analysis conducted by De Dreu, Koole, and Steinel (2000a) generated empirical support for these two theories. The result showed that cooperative negotiators (those with high prosocial motives) with a high resistance to yielding would engage more in problem-solving (or integrative) behavior.

2.1.4 Cognitive vs. motivational approach

Two main approaches, cognitive and motivational, have been widely applied across studies in negotiation psychology. The cognitive approach focuses on how individual negotiators' cognitive differences affect the negotiation process and outcomes. Its core concept is epistemic motivation. This is a non-directional motivation which is "a desire to develop and maintain a rich and accurate understanding of the world, including the negotiation task" (see Van Kleef, De Dreu, & Manstead, 2004b: 511). In line with the dual-process model (Smith & Decoster, 2000), negotiators with a higher epistemic motivation will have a lower need for cognitive closure, and usually search for information in a more systematic and holistic manner. The need for cognitive closure has been reported to affect the influence of opponents' emotions on negotiators (Van Kleef et al., 2004b), and level of fixed-pie perceptions (De Dreu et al., 2000a), as well as the content of member responses in a group and group pressure (De Grada, Kruglanski, Mannetti, & Pierro, 1999).

Within the motivational approach, scholars have identified two primary social motives among individuals—egoistic vs. prosocial motivation, which is the desire to maximize self-outcome or joint outcome (Trötschel, Hüffmeier, Loschelder, Schwartz, & Gollwitzer, 2011: 773). Studies have reported that egoistic negotiators tend to be less cooperative and more contentious (i.e., value-claiming behavior) to secure personal benefits, whereas prosocial negotiators use more integrative behavior (i.e., value-creation: information exchange, logrolling and tradeoffs) to augment joint outcomes (De Dreu et al., 2000b; Thompson, 1991).

In early studies, psychologists from these two schools rarely cited each other's work. Thus two research streams have developed independently until recently, when scholars started to integrate these approaches in their work. Social motivation (a.k.a., social value orientation), while significant for integrative behavior in negotiations, has been found to be not correlated with non-directional motivation (i.e., need for cognitive closure) (De Dreu, Koole, & Oldersma, 1999; see also De Dreu et al., 2000a: 978). But Trötschel et al. (2011) later reported that perspective-taking, another cognitive process, can be used as a powerful tool to remedy the hurtful consequences resulting from egoistic motivation. They found that perspective-taking negotiators use logrolling to alleviate the risk of

partial impasses even with an egoistic motivation. The study of [Moran and Ritov \(2007\)](#) also supported the positive functions of perspective-taking on integrative performance by training negotiators on understanding opponents' specific gains.

2.1.5 Social functions of emotions

Emotion is among one of those social factors missed in early research on negotiations. Following a social-functional approach, researchers later investigated diverse types of human emotions and their interpersonal effects on negotiation behavior and outcomes. [Lelieveld, Van Dijk, Van Beest, and Van Kleef \(2013\)](#) found that expressing disappointment in negotiations elicits general offers from the other side by evoking guilt, the presence of which also depends on negotiators' group membership and the negotiation types. Researchers also explored the interpersonal functions of anger and happiness in negotiations. An early study reported that happy negotiators are more likely to cooperate ([Forgas, 1998](#)). Later psychologists discovered that people make more concessions to an angry opponent ([Van Kleef, De Dreu, & Manstead, 2004a](#)), especially when facing an East Asian opponent ([Adam & Shirako, 2013](#)). But communicating threat elicited greater concessions than anger ([Sinaceur et al., 2011](#)). Research on the transition between happiness and anger also generated interesting results that people would accept a worse outcome yet form a better impression of their opponents who become angry during negotiations ([Filipowicz, Barsade, & Melwani, 2011](#)).

2.1.6 A multidisciplinary approach

Grounded in those theories, models and findings, further work would benefit from a cross-disciplinary perspective by combining multiple theoretical views and methodological advancements with the existing findings accomplished so far. For example, behavioral decision analysts on negotiation could draw on game-theoretical efforts of finding equilibrium outcomes to better identify those conditions constraining negotiator's rationality ([Sebenius, 1992](#)). Such a need for assessing the applicability of negotiation theories from multiple fields has indeed been mentioned nearly two decades ago. Organizational scholars stated that for understanding negotiations in organizations, "there is a clear mandate for testing the applicability of various concepts from other fields" ([Sheppard, Lewicki, & Minton, 1986: 312-314](#)).

When describing the requisites of a new theory, [Thompson \(1990\)](#) called for an

integrative psychological theory of negotiation which should be accessible to “objective, economic analysis” by measuring some critical concepts such as bargaining zone and bottom line (527). New theories might also be able to explain the discrepancies between economic and social-psychological measures of behavior, since it is not uncommon that negotiators’ perception and behavior deviate from economic equilibria (e.g., social psychological analysis towards how negotiators behave in transformed ultimatum bargaining or prisoner dilemma). Generally it is promising for new studies to have a multidisciplinary theoretical root from different fields, such as social psychology, behavioral economics and negotiation analysis.

2.2 Theoretical Needs for Critical Perspectives

Given the diverse theoretical lenses a negotiation researcher would typically face, this field seems like a swamp. However, the fact that negotiation research is not theoretically monolithic implies the existence of myriad indefinite functional elements beneath the visible surface of negotiation activities. Those critical aspects in negotiation practices, which are often overlooked by the majority of existing research, can be essentially functional in substantive negotiations. In this regard, the following discussion will revisit those theories relevant with the much sought-after critical perspectives in negotiation research.

2.2.1 Theories addressing relationality in negotiations

The negotiation process has an inherent interdependent structure because “any bilateral negotiation is an interpersonal interaction” (Turel, 2010: 111). As social factors which influence negotiation strategies, relational constructs actively affect negotiators’ decision-making processes and subsequent outcomes (Tsay & Bazerman, 2009). However, the discussion of relationality in negotiation literature had been scarce until the late 1990s. Greenhalgh (1987) cogently argued that negotiators’ experienced interconnectedness had not been fully addressed by experimental psychologists and that negotiators’ long-term time horizons should be taken into account in order to better understand the interactive dynamics between negotiating parties. Following this line of argument, Gelfand et al. (2006) further advanced the importance of relational constructs in negotiation research and proposed a model of *relational self-construal* (RSC) in negotiations. Gelfand and colleagues elaborated four dyadic structures of RSC in negotiations by delineating the conditions when one’s relational accessibility either matches or mismatches that of the

other's within the dyad. Drawing from existing psychological findings, they also explicated the underlying mechanisms through which these "relational dynamics" affect negotiators' relational and economic capital as a consequence.

While relational context can help accumulate the relational capital between negotiating parties, it costs economically. [Tenbrunsel, Wade-Benzoni, Moag, and Bazerman \(1999\)](#) reported that negotiators achieve less optimal agreement when relationship influences their partner-selection process. Curhan and colleagues ([2008](#)) theorized this negotiation phenomenon as *relational accommodation*, when negotiators are vulnerable to a high relational concern yet inefficient economic outcomes. They examined egalitarianism and gender as two relational contexts and found that high egalitarian dyads and female dyads receive less economic joint outcomes but more relational capital.

2.2.2 Temporal dynamics

Time per se functions as a strong force which formulates and changes the trajectories of negotiation processes. The time-dependent tendency of negotiators' behavior has been documented since the 1960s, when [Rapoport and Chammah \(1965\)](#) discovered a consistent U-shaped behavioral evolution over repeated negotiation sessions. When playing Prisoner's Dilemma up to 100 times, negotiators would be disturbed by cooperative and competitive choices at first, then reach continuous stalemates for a while and finally stabilize their choices on mutually beneficial solutions. Likewise by treating time length as the outcome variable, [Ariño, Reuer, Mayer, and Jané \(2014\)](#) found that the prior relationship between negotiating parties has a "curvilinear, U-shaped" effect on negotiation time.

Multiple-time data collection has been rarely (if any) seen in negotiation simulation studies, because most extant simulated negotiations have been cross-sectional in measuring the same variables. That said, recent work by Zerres and colleagues ([2013](#)) added to the negotiation literature by designing a longitudinal simulation structure to assess the training effects on performance across time intervals. They found that the effect of bilateral training is stable (at least) during a 4-week period and this longitudinal effect is mediated by a higher level of priority-information exchange.

2.2.3 Cultural variance and cultural adaptation

Though many negotiation studies have tended to decontextualize negotiation theories without considering the generalizability of their findings, negotiation activities are confined within certain social settings just as many other human interactions. Negotiators' cultural background serves as one critical factor confining negotiation dynamics and consequences. The culturally-sensitive characteristic of negotiation and conflict management can be best presented in the following statement by Barley (1991: 191):

“Disputes and disagreements are messy social phenomena intimately tied to the vicissitudes of daily life that always take place within larger cultural and structural contexts.”

Prior studies on culturally comparative studies have revealed the multi-faceted role of cultural variance. Cultural differences shape outcomes in team vs. solo negotiations (Gelfand, Brett, Gunia, Imai, Huang, & Hsu, 2013), affect self-perceived fairness (Gelfand et al., 2002), and change the levels of functional factors such as communication channel (Swaab, Galinsky, Medvec, & Diermeier, 2012), trust (Gunia, Brett, Nandkeolyar, & Kamdar, 2011) and problem-solving approach (Graham et al., 1994). However, scholars also have criticized the approach of dealing with negotiations from a single-cultural perspective rather than cross-cultural interaction (Adler & Graham, 1989). While comparative studies serve to identify the similarities and distinctiveness of negotiation processes within a variety of cultures, the interactive characteristics of international negotiations can only be precisely captured by research on intercultural negotiations.

In the 1990s, based on social identity theory (Ashforth & Mael, 1989; Tajfel, 1974) and similarity-attraction theory (Evans, 1963; Mathews, Wilson, & Monoky, 1972), research on cultural adaptation examined the effects of negotiators' cross-cultural behavioral adaptation on some aspects of business relationships. For example, while neither non-adaptation nor over-adaptation improves the attraction of Japanese negotiators perceived by Americans, a moderate level of adaptation has been found to be most effective in intercultural negotiations (Francis, 1991; Thomas & Toyne, 1995). From the perspective of people in some Asian countries, American salespeople who adapt to the local culture would be judged as more effective (Pornpitakpan, 1999b). These studies of cultural adaptation in negotiations suggest that the adapted behavior, either strategically or

unwittingly, would have an effect on subjective evaluated performance.

Laboratory findings on cultural adaptation shed light on integrating the temporal perspective in cross-cultural negotiations. Since negotiators' behavioral dynamics could be choreographed by their cultural background either verbally or nonverbally, negotiators' "dance movement" would be particularly salient in cross-cultural negotiations (Hall, 1973). In other words, behavioral dynamics can readily occur across cultural gap over time. For example, Adair and Brett (2005) found that negotiators' action-response sequences varied across cultures. In this regard, future research can be fruitful by developing cross-cultural negotiation studies in concert with longitudinal design of multi-session negotiation simulation.

2.3 Summary

This chapter reviews major theories, models and findings in negotiation literature, with further discussion of theoretical needs for critical perspectives of relationality, temporal dynamics and cultural variance in negotiation studies. Future negotiation research could be fruitful to adopt or integrate these critical perspectives to examine dynamic relationality in different cultural settings. The next chapter will present a content analysis of negotiation studies with one or more of these critical perspectives.

CHAPTER 3: A CONTENT ANALYSIS OF MAJOR STUDIES ON NEGOTIATION³

Since scholars have been continuously calling for the consideration of relationality, dynamics and cultural boundaries in advancing negotiation knowledge, it is necessary to take a synoptic retrospective view of how the negotiation research has developed over the past decade. For this purpose, I content analyzed peer-reviewed studies of negotiation to identify articles with relational, dynamic and/or cultural perspectives. The papers reviewed were published in leading journals from 2000. The findings of this review would help to further pinpoint overlooked or under-researched areas in negotiation studies, particularly in relation to the above three perspectives. Details of paper selection and analysis are presented in the following sections.

3.1 Article Selection Procedures

3.1.1 Journal selection

Pursuant to the research interest in negotiation phenomena in business settings, I reviewed a broad spectrum of negotiation studies published over a 15-year timeline (from January 2000 to December 2014) in a broad range of leading academic journals. Based on the 5-year impact factor published by Journal Citation Report[®] (2013), I selected 15 top peer-reviewed journals respectively from the field of management and business. After deleting the overlapping journals appearing in both lists, 23 journals were reviewed for article selection. Since many negotiation studies are conducted by social psychologists whose findings were often cited by management scholars, 5 top social psychology journals were added, such as *Journal of Personality and Social Psychology*. For a broader coverage, I also referred to specialty outlets in the field of negotiation and conflict management, including *International Journal of Conflict Management*, and *Negotiation Journal* (Short, 2009). In total 30 journals were reviewed (see Table 1).

3.1.2 Article selection

I used both the terms of “negotiation” and “bargaining” when selecting research articles for two reasons. First, the history of applying the two terms in extant literature, when

³ Certain contents of Chapter 1, 2 and 3 have been adapted into the article entitled *Relationality in Negotiations: A Systematic Review and Propositions for Future Research* (in press), accepted by *International Journal of Conflict Management*.

referring to certain conflicts-resolution processes in a general sense, leaves researchers the leeway of using these two terms interchangeably. These two terms are both used within many negotiation contexts such as buyer-seller negotiation or collective bargaining. Second, there has been an evident “semantic confusion” in the literature of these two terms (Morley & Stephenson, 1977: 23). Though they proposed two definitions formally, their definition of “bargaining” was literally interwoven with that of “negotiation”. These two terms could be treated as “synonymous” (Rubin, Brown, & Deutsch, 1975: 2). Therefore, little misinterpretations could occur in our review of negotiation studies within the disciplines of social psychology, marketing, management and negotiation.

Thus I filtered relevant articles, using either the term “negotiation” or “bargaining” as key words shown in titles for the purpose of maximizing the number of articles for review. Next, I manually selected articles by reading the abstracts and identified those papers discussing negotiation at either interpersonal or inter-organizational level. I only included papers with direct focus on human negotiations, such as negotiation behaviors, processes, outcomes, teaching and training, and case analysis. I excluded articles explicitly concentrating on mediation or arbitration rather than negotiation. Editorials, commentaries, stories, short notes and book reviews were removed from the review scope. This selection procedure is quite similar with the criteria used by Buelens, Van De Woestyne, Mestdagh, and Bouckennooghe (2008). Furthermore, certain studies were precluded despite the use of the game-theoretical approach, because their primary research goals were firms’ strategies instead of negotiation (e.g., Lippman & Rumelt, 2003). Following the above selection procedures, 264 articles were reviewed for this research. As shown in Table 1, a majority of negotiation research (179/264, 67.80%) is published in the specialty journals of negotiation and conflict management, whereas only 32.20% (85) is published in the top journals of other fields concerned.

Table 1 Journals Selected for Literature Review (January 2000 - December 2014)

Research Field	Journal	5-Year IF	No. of Articles	Negotiation
Social Psychology	PERS SOC PSYCHOL REV	10.484	1	
Management	ACAD MANAG ANN	10.154	2	
Management/Business	ACAD MANAGE REV	9.698	3	
Management/Business	ACAD MANAGE J	8.443	3	
Management	MIS QUART	8.157	1	
Management/Business	J MANAGE	8.027	4	
Social Psychology	ADV EXP SOC PSYCHOL	7.854	1	
Management	J OPER MANAG	7.718	4	
Social Psychology	J PERS SOC PSYCHOL	7.378	22	
Management/Business	ADMIN SCI QUART	7.057	3	
Management	J APPL PSYCHOL	6.952	20	
Business	J MARKETING	6.682	1	
Management/Business	STRATEGIC MANAGE J	5.929	0	
Management	PERS PSYCHOL	5.845	0	
Management	ORGAN RES METHODS	5.713	0	
Management/Business	J INT BUS STUD	5.534	3	
Management	ORGAN SCI	5.512	2	
Management/Business	J MANAGE STUD	5.196	3	
Management	J SUPPLY CHAIN MANAG	4.946	5	
Business	J CONSUM RES	4.776	2	
Business	J ORGAN BEHAV	4.734	3	
Business	J BUS VENTURING	4.571	0	
Business	J ACAD MARKET SCI	4.518	1	
Business	INT J MANAG REV	4.468	0	
Social Psychology	J HEALTH SOC BEHAV	4.457	0	
Business	LONG RANGE PLANN	4.365	1	
Business	J SERV RES-US	4.109	0	
Social Psychology	J PERS	3.939	0	
Negotiation & Conflict Management	INT J CONFL MANAGE	0.653	49	
Negotiation & Conflict Management	NEGOTIATION J	0.522	130	
<i>Overall</i>			264	

3.1.3 Coding scheme

I employed content analysis technique to analyze these selected studies. Content analysis has been considered appropriate for reviewing a conglomerate of studies in organizational research (Podsakoff & Dalton, 1987; Stone-Romero, Weaver, & Glenar, 1995). Harris (1996) also encouraged the use of content analysis in understanding negotiation phenomena. In line with previous negotiation research using this technique (Buelens et al., 2008), I developed a coding scheme to conduct the analysis in a structured manner (See Appendix I).

Table 2 Research Strategies and Perspectives of the Articles Reviewed (January 2000 - December 2014)

Journals	Negotiation Articles	Conceptual	Qualitative	Quantitative			
				Meta-analysis	Simulation	Survey	Second-hand Data
PERS SOC PSYCHOL REV	1 [1]			1 (0, 0, 1)			
ACAD MANAG ANN	2	2					
ACAD MANAGE REV	3 [1]	3 (1, 0, 0)					
ACAD MANAGE J	3			1	1		1
MIS QUART	1				1		
J MANAGE	4	2		1		1	
ADV EXP SOC PSYCHOL	1	1					
J OPER MANAG	4 [2]	1			2 (0, 0, 1)		1 (1, 0, 0)
J PERS SOC PSYCHOL	22 [4]			1	21 (1, 3, 0)		
ADMIN SCI QUART	3 [1]				2 (0, 1*, 1*)	1	
J APPL PSYCHOL	20 [8]				18 (0, 1, 6)	1	1 (0, 0, 1)
J MARKETING	1 [1]					1 (1, 0, 0)	
J INT BUS STUD	3 [1]	2			1 (0, 0, 1)		
ORGAN SCI	2 [1]		1		1 (0, 1*, 1*)		
J MANAGE STUD	3 [2]		2 (0, 1, 0)			1 (1*, 1*, 0)	
J SUPPLY CHAIN MANAG	5 [1]	1	1		2 (1, 0, 0)		1
J CONSUM RES	2 [1]				2 (0, 0, 1)		
J ORGAN BEHAV	3				1	2	
J ACAD MARKET SCI	1 [1]					1 (0, 0, 1)	
LONG RANGE PLANN	1					1	
INT J CONFL MANAG	49 [3]	11	3		30 (0, 0, 2)	5	
NEGOTIATION J	130 [5]	80 (1, 2*, 2*)	23		14 (1, 0, 0)	7 (1, 1, 0)	6
<i>Overall</i>	264 [33]	103 [4]	30 [1]	4 [1]	96 [20]	21 [5]	10 [2]

NB: Numbers in round brackets represent the number of articles with relational, temporal or multi-cultural perspectives respectively, whereas numbers in square brackets represent the sum of the articles with any of these three perspectives. For example, the 21(1, 3, 0) intersected by the row “J PERS SOC PSYCHOL” and the column “Simulation” means that there are 1 paper with relational perspective, 3 papers with temporal perspective and no paper with multi-cultural perspective among the 21 papers using simulation method in this particular journal. 22[4] at the same row indicates that there are overall 4 papers with these key perspectives among 22 negotiation articles in this journals. Articles employing more than one perspective (maximum 2) are marked by asterisks within pairs of brackets. Journals with no negotiation articles identified are not included in this table.

3.2 Analysis of Article Profiles

3.2.1 Research strategies

Table 2 specifies the 264 reviewed articles on their research strategies, including genres, methods and perspectives employed. Research genres are generally divided into two categories: conceptual and empirical including qualitative and quantitative methods. Within the scope of this review, there are 103 conceptual (39.02%) and 161 empirical papers (60.98%). The majority of empirical papers are quantitative (131/264, 49.62%) while the rest is primarily qualitative (30, 11.36%). Of the quantitative articles, there are 96 papers with simulation method (36.36%, some complemented with survey studies), 21 with primary survey method (7.95%), 6 with secondary data (2.27%) and 4 with meta-analysis (1.52%). These figures indicate that simulation (in the form of either observational study or experimentation) is the most commonly utilized method in negotiation research (Thomas, Thomas, Manrodt, & Rutner, 2013).

Among the studies using simulation methodology, the use of behavioral simulations is most popular. With experimental procedures, simulations offer substantial advantages in that it “isolates cause and effect relationships”, increases internal validity by controlling for other explanatory factors, and enables the negotiation relationship that is otherwise “difficult to duplicate” (Thomas et al., 2013: 100). Some researchers simply use negotiation simulation without experimentation. For example, Liu, Friedman, Barry, Gelfand, and Zhang (2012a) measured participants’ mental models pre- and post-negotiation, and identified factors reinforcing or inhibiting the convergence of mental models. In so doing, they did not manipulate any variables along the simulation process. But this pure simulation method coupled with survey would be just as effective if researchers properly isolated causal variables with outcome variables in research design.

3.2.2 Research contexts

The review has disclosed a variety of negotiation contexts which the existing studies are dealing with. A majority of these studies look at negotiation interactions between buyers and sellers, such as cartoon negotiation case used by Adair, Weingart, and Brett (2007) and mobile phone selling (Adam & Shirako, 2013). Scholars in operations and supply chain management extended the buyer-seller relationship to a similar context of purchaser-supplier negotiation (e.g., Ribbink & Grimm, 2014). Some researchers also paid attention to salary negotiation between potential employers and employees such as

job offer negotiations (e.g., Curhan, Elfenbein, & Kilduff, 2009) and compensation package negotiations (Dimotakis, Conlon, & Ilies, 2012). Similar to employer-employee negotiations, scholars also examined the process of negotiating a contract and implementation between principals and agents (Bottom, Holloway, Miller, Mislin, & Whitford, 2006). In addition, a small portion of studies explored negotiation behavior in other aspects of real-life negotiations, including spousal negotiations between husband and wife within households (Livingston, 2014), and crisis (hostage) negotiations between police and perpetrators (Giebels & Taylor, 2009).

3.2.3 Critical perspectives in the extant literature

Here I label reviewed studies with the following three critical perspectives—relational, temporal or cross-cultural—regarding their theoretical foundations as well as research design. The research does not intend to provide a comprehensive definition of relationality, temporal dynamics and cultural variance for identifying existing studies in light of universally applied definitions. Rather, this research aims to capture and diagnose under-researched areas in a more accurate manner, by following a set of common characteristics of studies with these perspectives.

A study would be considered as adopting a relational perspective if it focuses on a range of relational constructs either as antecedents (e.g., relational orientation, previous relationship experience) or dependent variables (relational capital), and/or how these constructs affect negotiation behavior, other process variables, negotiation agreements and other outcomes. A paper with a relational view in its theory development would not be labeled as using relational perspective unless it discusses specific relational constructs (e.g., Ribbink & Grimm, 2014). Typical examples of studies with relational perspective include the conceptual work of Gelfand et al. (2006) on RSC, which expounds how this construct affects the entire negotiation process and how the dyadic accessibility of RSC affect negotiation outcomes. Another example is the study of Thomas et al. (2013) on how increased interdependence in buyer-supplier relationships moderates the effect of negotiation strategy on information exchange and operational knowledge transfer.

A study would be considered utilizing a temporal perspective if it observes the evolving dynamics of certain variables throughout the negotiation process over time, investigates the role of time itself in the negotiation process, and/or adopts a longitudinal approach

(i.e., multiple-wave data collection) in its research design to trace the temporal progression of the same variable. However, studies using data collection for different sets of variables at multiple time points are excluded since they were not designed to present the behavioral progression among negotiating parties over time (e.g., [Livingston, 2014](#)). Typical examples of studies with temporal perspective include the research of [Van Kleef et al. \(2004a\)](#) tracing how the negotiator's demand level changes over multiple negotiation rounds under different emotional conditions; and the study of [Zerres et al. \(2013\)](#) who used a longitudinal experimental design to examine whether the effects of training on participants' performance remain stable across 3 negotiation sessions over time.

A study would be characterized as applying a multi-cultural perspective if it compares antecedents-outcome relationships across two or more cultures, and/or examines how negotiators behave in an intercultural setting instead of only exploring effects in intracultural negotiations. Typical examples of studies with a multi-cultural perspective include that by [Adair, Okumura, and Brett \(2001\)](#), who compared negotiation behavior of American and Japanese managers both in intra- and intercultural settings; and the experiment conducted by [Lee, Yang, and Graham \(2006\)](#) who compared the varied effects of tension felt on negotiation consequences between American and Chinese cultural samples in an intercultural setting.

An overview of the theoretical perspectives and methodology design of papers reviewed is shown in Table 2. It reveals that whereas the majority of research investigates negotiation behaviors or processes without tapping the perspective of relationality, temporal dynamics or cultural variance, 33 (12.50%) studies employed at least one perspective in terms of their theoretical arguments or methodological designs. Specifically, there are only 9 with relational perspective, 11 with temporal perspective and 19 with a multi-cultural perspective of all articles reviewed. An in-depth tabulated review of these 33 selected negotiation studies, including their theories and findings, is presented in Appendix II. Six articles of them combine two perspectives when addressing negotiation phenomena. However, no study reviewed has ever considered all three perspectives by investigating the effects of relational constructs over time and how these effects vary in different cultural settings of negotiations.

3.3 Discussions

3.3.1 Research gaps and implications

This review followed a structured procedure to analyze negotiation articles, over 15 years, with a focus on three main perspectives: relational, temporal and multi-cultural perspective. The field of negotiation research has been flourishing since 2000, with important findings drawn from interdisciplinary sharing of theories and varied methods. Yet, extant negotiation literature is peppered with a lack of these critical perspectives which leave knowledge gaps to fill and open new avenues for investigation.

First, the call for studies with a relational perspective still needs to be fully addressed. Following an arelational approach, many experimental negotiation settings unwittingly ignored the role of dyadic relationship between negotiators. With an anthropological perspective, [Barley \(1991\)](#) expounded how existing experimental studies compartmentalized participants' negotiation activities from their everyday experiences by atomizing their negotiation behavior within the confinement of experiments. My review also reveals a similar arelational bias in existing negotiation simulations. Among the 96 articles using simulation method, only 3 of them (3.13%) discussed the role of relationship as antecedent ([Atkin & Rinehart, 2006](#)), outcome ([Amanatullah, Morris, & Curhan, 2008](#)) or moderator ([Thomas et al., 2013](#)). Since negotiation simulation has become a major research method in this field, more close attention should be paid to the roles of relational constructs in laboratory environment. This inadequate focus on relationality also exists in the use of other research methods as well. Only 3 survey studies, 2 conceptual article and 1 study using secondary analysis adopt a relational perspective. No relational perspective was found in qualitative and meta-analytical studies.

Second, the lack of a temporal insight becomes a major barrier to generalize research findings and account for managerial concerns. This review uncovers that 6 papers out of those 96 (6.25%) using simulation method adopted a temporal perspective. Among these, 2 papers indirectly presented the time-dependent characteristics of negotiation dynamics in terms of the longitudinal effects of negotiation training ([Zerres et al., 2013](#)) as well as the convergence of negotiators' mental models pre- and post-negotiation ([Liu et al., 2012a](#)). Only 4 reports directly pointed out the time-varying characteristics of negotiation behavior in that negotiators' demand declined across negotiation sessions and the effect

of opponents' experienced emotion increased over time (Van Kleef et al., 2004a, 2004b; Van Kleef, De Dreu, & Manstead, 2006). In addition, Adair and Brett (2005) proposed and tested a general model which specifies negotiator's behavioral progression over time. They also called for further research to test functional elements in this dynamics such as negotiators' prior relationship and their conceptualization of time. Research on temporal dynamics was inadequate in reports with other methods as well. There are only 2 conceptual papers, 2 survey studies, 1 qualitative paper and no studies using meta-analysis or secondary data considering the role of time in negotiations. Considering the significance of temporal influences in negotiations, more research should be done to explore how and why negotiators adjust behaviors across negotiation sessions.

Third, in spite of its early emergence in negotiation literature, cross-cultural negotiation research has to be replenished to keep up with the increasingly global scope of management research. Though 13 (13.54%) out of the 96 laboratory studies in my review used a multi-cultural setting when testing their hypothesized theories, the low percentage indicates that cross-cultural negotiation studies are insufficient, especially when explicating the cultural boundaries constraining the role of relationality and temporal dynamics in "negotiation dance" (Adair & Brett, 2005). Moreover, cross-cultural perspective is not sufficient in research with other methods (2 conceptual, 1 survey and 1 second-hand data reports). In my review, only 2 empirical studies attach temporal dynamics in negotiation to multi-cultural settings (Adair & Brett, 2005; Liu et al., 2012a), and 2 conceptual papers discuss the role of time and culture in negotiations (Alon & Brett, 2007; Macduff, 2006). No study has ever tested relationality with cultural differences, let alone the effects of culturally varying dynamic relationality. Therefore, cultural dimensions should raise our concerns to replicate the predictions from mono-cultural studies or adjust the theoretical boundaries whenever a new research arena is going to be explored.

3.3.2 The general research question

These under-researched areas altogether not only direct the promising channels for future negotiation research, but constitute the main structure of this thesis as well. My research integrates the above critical perspectives to facilitate an in-depth understanding toward how relationality affects the negotiation process and outcomes over time in different cultural settings. The discussion so far results in the following general research question

for this thesis to pursue:

RQ: How does relationality affect the negotiation process and outcomes over time in different cultural settings?

3.4 Summary

This chapter content analyzes how main negotiation studies have developed since 2000 regarding the critical perspectives of relationality, temporal dynamics and cultural variances. The findings reveal a lack of these perspectives in extant negotiation literature, and lead to the research question of this thesis. The following chapter will propose the conceptual framework to be empirically validated, and describe the relevant constructs.

CHAPTER 4: THE CONCEPTUAL FRAMEWORK

4.1 The Conceptual Framework of this Research

Figure 1 illustrates the conceptual model proposed for this research. The processual framework covers the pre-negotiation negotiator propensity, initial stage of negotiation, ongoing interactions and negotiation outcomes. This framework integrates three critical perspectives—relationality, temporal dynamics and cultural variance. The causal relationships embedded in the framework manifest the saliency of relationality in negotiations. Negotiators' relational orientation affects their initial relational commitment, which further impacts their communication experiences when negotiation proceeds. As a result, the communication process affects the negotiation outcomes, namely, relationship capital as well as economic outcomes. In turn, negotiators' interpretation of negotiation outcomes would have feedback effects on negotiators' relational commitments in negotiation sessions that followed.

Real-world negotiations are quite different from laboratory simulations in that they are usually composed of consecutive interactions. Aspirations, which reflect negotiators' expectation of economic outcomes, play a vital role in influencing future interactions in this multi-session negotiation context. Constant interaction entails a persistent anticipation of future interactions between negotiating parties, which negatively affects negotiators' aspiration levels (Patton & Balakrishnan, 2010). Put differently, when negotiating across a series of sessions, negotiators would start off with unrealistically low aspiration levels (compared with one-shot negotiation) at the beginning. But negotiators' aspirations are time-dependent and evolve in negotiation dynamics. Aspirations can also be affected by negotiators' relational orientation before initial interaction. In subsequent sessions, negotiators adjust their aspirations based on perceived profits from prior sessions, thus becoming more realistic regarding economic gains, over time. Aspirations are also subject to negotiators' existing relational capital in multi-session negotiations. Negotiators' aspirations have an impact on their communication interactions as well. Thus negotiators' communication behavior will change across sessions as a result of evolving aspirations. Other feedback effects occur between outcomes from prior sessions and relational commitments at the following session. The relational and economic outcomes of the prior sessions, as the achievements of past interaction history, would respectively influence the affective and instrumental aspect of negotiators' relational commitment later

on (Davidson & Greenhalgh, 1999).

The role of relationality may vary with cultural settings. In particular, this research investigates variances in two cultural settings, namely, single-cultural negotiation (i.e., negotiating parties sharing the same culture) and cross-cultural negotiation (i.e., negotiating parties having different cultural backgrounds). While relational practices permeate Eastern cultures, independence and self-reliance are trademarks of western cultures. This distinction creates two research needs pertaining to culture. First, the relationality may function differently between negotiators in high-relational cultures (e.g., East Asians) and those in low-relational cultures (e.g., Anglo-Australians). For example, the association between relational capital and subsequent affective commitment may be relatively stronger in high- rather than low-relational cultures. Second, relational discrepancy brings in behavioral clashes when West meets East. As a consequence, one or both parties would have to initiate adaptation to fit with the other party in order to carry on without encountering impasses. This research incorporates these two cultural situations and will explore whether and how the impact of relationality on negotiation dynamics varies in different cultural settings.

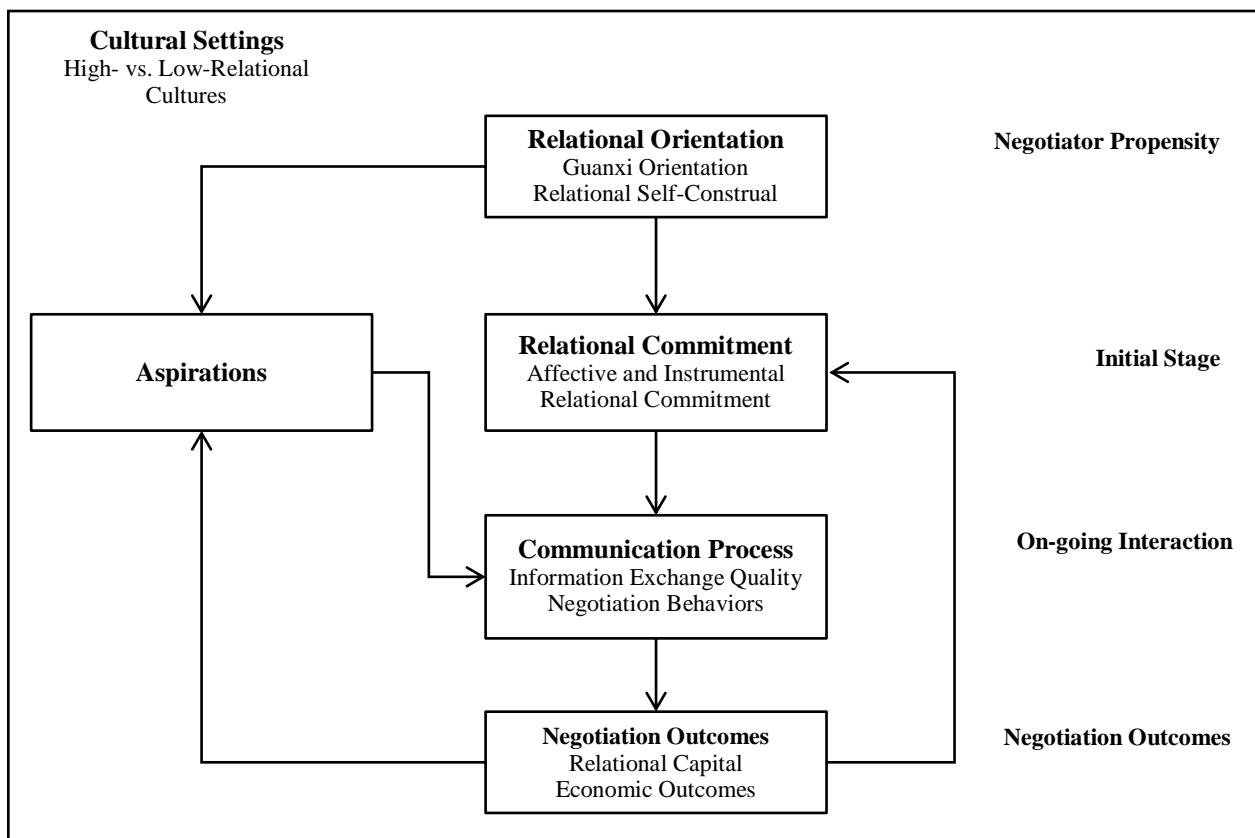


Figure 1 The Conceptual Model

4.2 Relational Culture

Culture reflects “a socially shared knowledge structure or schema” (Brett, Adair, Lempereur, Okumura, Shikhirev, Tinsley et al., 1998a: 62). Though many elements within each culture are different, there are social patterns that can generalize across national borders. Hall (1976) cultural theory offers a typical example, which captures the essential characteristics of communication associated with cultures, and further dichotomizes national cultures into high- and low-context cultures. Likewise, there are fundamentally two distinct approaches to doing business in today’s economy. One is the transactional (arelational) business paradigm while the other refers to the relational system based on interpersonal or inter-firm networks typically observed in most non-western countries (Lovett, Simmons, & Kali, 1999). This relational business system reflects situation in those cultures where people are frequently involved in developing informal connections in addition to structural networking activities (Xin & Pearce, 1996). There are a number of cross-cultural equivalents of relationality in those high-relational cultures, such as *guanxi* in Chinese culture (Hwang, 1987), and *simpatía* among Hispanics and Latin Americans (Triandis, Marín, Lisansky, & Betancourt, 1984). In

contrast, business people in low-relational cultures search for opportunities to sign new contracts through the market mechanism. Thus the salience of relationality differs substantially across cultures, particularly between high- and low-relational cultures (Ramirez-Marin & Brett, 2011). This high- vs. low-relational dichotomy of cultures is used in our study to classify negotiators' cultural backgrounds.

The relational cultural background reflects individual negotiators' *cultural consensus about relationship*, a concept proposed by Ramirez-Marin and Brett (2011) and defined as "personally held cognitions" of "the socially shared perception of what is normative regarding relationality" (389). As an application of this concept, the relational dichotomy of cultures (i.e., High- vs. Low-Relational Culture [HLRC]) focuses on the level (or strength) of cultural consensus about relationship, serving to pinpoint the relational characteristics of culture. As dichotomized cultural consensus is also a personal cognition and exists within individuals, it is operationalized at the individual level. However, HLRC differs from individual traits such as relational orientation. Studies have shown that individuals' perceived cultural consensus has its distinct impacts on culturally varied behaviors beyond individual differences in values and attitudes (Shteynberg, Gelfand, & Kim, 2009; Zou, Tam, Morris, Lee, Lau, & Chiu, 2009).

4.3 Relational Orientation

Human relationship is a social phenomenon which features successive interpersonal interactions over time (Varey, 1998). Among other relational constructs, relational orientation has been used as the converse of transactional orientation in relationship marketing literature (cf., Gopalakrishna Pillai & Sharma, 2003), and treated as individual differences in management research (Leung, Chen, Zhou, & Lim, 2014). In line with these prior studies, this research defines relational orientation in negotiations as the propensity of an individual to foster and maintain an interpersonal long-term relationship with the other party. In contrary to a task-oriented mindset, negotiators with a strong pro-relationship orientation tend to consider the negotiation as an opportunity to establish and reinforce relationship with the other party (Liu, Friedman, & Hong, 2012b; Pinkley, 1990). In negotiations, high pro-relationship oriented negotiators would seek to use a range of relational focused behaviors, such as showing cooperativeness, focusing on non-monetary outcomes, avoiding direct confrontation and positive remarks (Pinkley & Northcraft, 1994). Two types of relational orientation are explored in this research: guanxi

orientation, an indigenous term emphasizing the importance of interpersonal relationships in Chinese culture; and relational self-construal, a generic relational propensity well-grounded in social psychology literature.

4.3.1 Guanxi and guanxi orientation

Chinese culture, like many other East and Southeast Asian cultures, is characterized as highly relational in contrast to the individual-oriented Western cultures (Ho, 1991). The emphasis of harmony and interpersonal relationship is one of the most significant features in Chinese society (Hwang, 1987). In Chinese society, the informal relationship network dominates business activities including negotiations (Lovett et al., 1999). The context of Chinese culture provides a typical representation of highly relational interaction for this research.

In China, the indigenous term “guanxi” is used to refer to the everyday relationship dynamics involving all individuals. As a pervasive cultural phenomenon in China, guanxi significantly shapes the interpersonal interactions in business negotiations with Chinese (Brunner & Koh, 1988; Brunner & Taoka, 1977). Guanxi has been extensively studied by sociologists and management scholars with regard to its role in constituting a behavioral system (Hwang, 1987), substituting legal protection (Xin & Pearce, 1996), promoting venture performance (Luo, 1997) and affecting coworker relationships (Chen & Peng, 2008). At the heart of social order, guanxi is regarded critical in every aspect of Chinese life (Zhang & Zhang, 2014). Though interpersonal relationships do not necessarily produce guanxi, it is conceived as a special relationship or particularistic tie (Fan, 2002), which is implicitly based on reciprocity and mutual trust (Yang, 1995). In particular, guanxi in Chinese social life is associated with a series of relational behaviors such as giving gifts, returning favor and trying to be an “insider” of a group (Ang & Leong, 2000; Hwang, 1987; Leung, Chan, Lai, & Ngai, 2011; Zhang & Zhang, 2014).

Though suggestions were often made by researchers for Western negotiators to forge a productive guanxi network in China (e.g., Brunner, Chen, Sun, & Zhou, 1989), the concept of guanxi has raised substantial controversies over its legitimacy in doing business in China. On one hand, it is seen as the key success factor of adapting into the Chinese volatile environment (Abramson & Ai, 1999; Yeung & Tung, 1996), and a valuable source of sustained competitive advantage (Tsang, 1998). On the other hand, its

beneficial role has been questioned and criticized as the hotbed for malpractice, nepotism and bribery (Fan, 2002; Yang, 1994). Regardless of its claimed benefits or notorieties, the ubiquity of guanxi derives from the underdevelopment of formal institutions in traditional Chinese society (Qi, 2013). It seems that well-functioned regulations in society, such as in Singapore, would prevent the unethical use of the guanxi network (Qi, 2013: 311). Relationship alone rather than potential improprieties is naturally inherent in guanxi, and this research adopts a neutral perspective toward understanding the guanxi concept in negotiations.

The existing abundant publications on guanxi clearly shows that guanxi, as a culturally specific term, cannot be simply treated as the equivalent of relationships or connectedness. Instead, “it has a far deeper meaning” when perceived “through Chinese eyes” (Brunner et al., 1989: 8). Consequently, guanxi orientation, while implicating an individual’s pro-relationship orientation on one hand, has its unique rich meanings in Chinese culture on the other hand. In this research, the definition of guanxi orientation is in alignment with the extant studies—“the critical focus Chinese people place on maintaining harmonious relationship with others” (Zhang & Zhang, 2014: 787).

4.3.2 Relational self-construal (RSC)

RSC has resulted in extensive findings in personality, social psychology and cross-cultural psychology (Andersen & Chen, 2002; Cross, 2009; Cross et al., 2000; Cross & Gore, 2004; Cross & Morris, 2003). Three self-construals have been identified and distinguished from each other: independent self-construal, collective self-construal and relational self-construal. Prior studies have reported little correlations among these constructs, indicating that these self-construals are in different dimensions (Cross et al., 2000). As tested by Cross (1995), “individuals in individualist and collectivist cultures develop aspects of both self-construals” (i.e., independent and collective: 685). The culturally-varied conceptions of the self can determine significant social behaviors in different societies (Triandis, 1989). People with independent self-construal are viewed as autonomous and detached from the social environment (Cross et al., 2003). In contrast, collectivistic cultures (e.g., Asian countries) usually perceive individuals by the social network, entities and groups they belong to (Cross et al., 2003; Markus & Kitayama, 1991). Orthogonal to the other two self-construals, RSC emphasizes the way and extent to which the self is defined in terms of relationships with significant others in daily

interactions (Cross, 2009). Since negotiators usually have different levels of RSC in cross-cultural negotiations, the incongruent structure of dyadic RSC would inflict a great impact on negotiation communication processes and their economic and subjective outcomes (Curhan et al., 2008; Gelfand et al., 2006).

4.4 Relational Commitment on Negotiation

Commitment, “an enduring desire to maintain a valued relationship” (Moorman, Zaltman, & Deshpande, 1992: 316), has been widely studied in marketing, management and psychology literature on relationships such as supplier vs. buyer, employee vs. organization and husband vs. wife (Burgoyne, Reibstein, Edmunds, & Routh, 2010; Geyskens, Steenkamp, Scheer, & Kumar, 1996; Kumar, Hibbard, & Stern, 1994; Meyer & Allen, 1984; Morgan & Robert, 1994). However, few prior studies have looked at how negotiators’ relational commitment functions in negotiations, despite the fact that the dyadic relationship is created and constrained by the negotiation context. Since real-life negotiation practices often involve long-term behaviors across multiple time periods, it is necessary to examine how negotiators’ commitment on negotiation would affect the negotiation communication and hence the outcome. A negotiator scoring high on relational commitment would pay much effort to maintain the ongoing relationship. Using survey, Lin and Miller (2003) found that relationship commitment positively affects the use of problem-solving and compromising negotiation approach among US-China joint venture managers. Other studies have scarcely investigated negotiators’ relational commitment under a simulated negotiation context. This research attempts to introduce the concept of relational commitment into laboratory research, by following the prior definition of relational commitment as: “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it” (see also: Lin & Miller, 2003; Morgan & Robert, 1994: 23).

4.4.1 Instrumental and affective relational commitment

Relational commitment is a multifaceted variable. As suggested by social exchange theory (Blau, 1964), negotiation continuance depends on to what extent it is a “mutually rewarding process” (Emerson, 1976: 336). As negotiators can be economically as well as emotionally rewarded in the exchange, both instrumental and affective commitment are intrinsically embedded in negotiation relationships. First, commitment to a negotiation relationship can be viewed as instrumentally motivated “in terms of costs and benefits”

(Burgoyne et al., 2010: 391). Exchange partners in a relationship constantly estimate the expected net benefits for them to decide whether to stay in the current relationship and keep investing in it. Instrumental commitment is therefore associated with negotiators' perceived need to preserve the relationship given the anticipated termination costs of leaving (Geyskens et al., 1996).

Second, a relationship could be affectively maintained if parties involved genuinely wish to interact with each other in this relationship. Those "subjective values" generated after negotiations indeed reflect the affective elements felt and captured by negotiating parties throughout their interactions (Curhan, Elfenbein, & Xu, 2006). By dichotomizing negotiators' general relational commitment into two components, this research aims to accurately identify the exact roles of the specific aspects of relational commitment in negotiations.

4.5 Aspirations

Aspirations, defined as "a negotiator's drive for achievement and the level of utility for which the negotiator is striving" (see also: Patton & Balakrishnan, 2010: 811; Pruitt & Carnevale, 1993), are one of the critical constructs impacting negotiation behavior. This definition indicates that the term is focused on economic gains expected by negotiators. Since negotiators usually think of range rather than specific points in negotiation, their bottom lines serve as the lower bound which sets a limit for acceptable outcomes, whereas their aspiration levels represent the upper bound for them to achieve as ideal outcomes. Aspirations reflect the best valued outcome expected by negotiators with consideration of the probability that it can be accepted by the other party (White & Neale, 1994).

4.6 Negotiation Communication Process

4.6.1 Information exchange quality

Information exchange occurs when one or both parties provide and seek information in negotiation communications. Though the communication process can be generally evaluated by how much information is disclosed between negotiators, this can be redundant or irrelevant information which may lower the effectiveness of communication or be strategically used to confuse and deceive the other party. In this regard, only effective information relevant to the negotiation is useful for negotiators to make decisions, especially in high-context cultures where some information is exchanged

beyond words (Han, Zhang, & Wang, 2010). Thus negotiators' perceived communication quality can indicate the overall effectiveness of information exchange, which determines to what extent the negotiators share key information and understand each other.

4.6.2 Negotiation behaviors

Information content plays a critical role in the negotiation process by helping negotiators explore potential integrativeness of the negotiation payoff structure, foster cooperative ambience, negotiate in good faith and generate mutually satisfactory solutions (Paese & Gilin, 2000; Thompson, 1991; Weingart & Olekalns, 2004b). Verbal information exchanged between negotiating parties can accurately reflect negotiation behavior in the communication process. In this study, four major types of information content exchanged between negotiating parties were recorded, coded and analyzed for further empirical investigation, including relational behavior, integrative communications, distributive communications, and complementary remarks.

Relational behavior refers to the saliency of relational emphasis in negotiators' behavior, and can be measured by two indicators: 1) relational emphasis: where one or both negotiation parties mention the establishment and maintenance of a business relationship; 2) positive remarks: where explicit approval of the suggestions proposed by the other party are made or positive comments are expressed during communication.

Integrative communications represent the degree of integrativeness (i.e., cooperativeness) of negotiation communication, and includes three indicators: 1) multi-issue offer: statements showing negotiators' simultaneous offer on two or more issues; 2) priority information: comments revealing the relative priorities on one or more issues against other issues; 3) Accept or compromise: where one or both parties accept or compromise on solutions proposed over one or more issues.

Distributive communications represent the degree of contention (i.e., competitiveness) of negotiation communication, including three indicators: 1) single-issue statement: statements showing negotiators' offer on a single issue; 2) persuasive argumentation: using facts or questions to substantiate one's own position or undermine the position of the other party; 3) negative remarks: the expression of a negative response to the other

party.

Complementary remarks refer to confirming statements of the other party, or stating background information to facilitate the interaction, including: 1) background information: providing background information to assist the other party in understanding more of the negotiation task; 2) affirmative comments: proposing questions or repeating statements of the other party to confirm solutions to certain issues.

4.7 Negotiation Outcomes

4.7.1 Economic outcomes

This research investigates two types of economic outcomes as objective indices produced by negotiation agreement — self-profit and joint outcome. Self-profit refers to the economic benefit obtained for each negotiator within a dyad, while the joint outcome is the overall dyadic benefit achieved as a result of the agreement.

Negotiators' joint outcome (a.k.a., dyad gains, joint benefit or dyadic profit), referring to the overall gains of both negotiation parties in a negotiation dyad, has been the most commonly used indicator in measuring the agreement integrativeness in negotiation research (e.g., [Brett et al., 1998a](#); [Giacomantonio, De Dreu, & Mannetti, 2010](#); [Imai & Gelfand, 2010](#)). The common adoption of this indicator is because it is (a) easy to calculate by adding up each party's outcome, (b) an intuitive approach to representing the performance of both negotiators as a dyad, and (c) a critical indicator assessing the quality of the final agreement for both parties.

4.7.2 Outcome perception

Negotiation researchers have long criticized the lack of measurement of social psychological variables as dependent outcomes in negotiations ([Curhan et al., 2006](#)). Thus a growing number of studies have started to investigate the subjective values at the post-negotiation stage ([Curhan et al., 2008](#); [Gelfand et al., 2006](#)).

Individual negotiators have an intuitive perception of their economic gains from each negotiation session, and it may be of interest to ascertain the extent negotiators think they win or lose a negotiation battle. To answer that question, we have to examine the subjective evaluation of economic outcomes, rather than economic outcomes per se. In

multi-session negotiations, it would be difficult for negotiators to accurately judge their own performance based on economic gain in each session. On the contrary, it is possible for them to have an overall impression of self-performance, along with the establishment of a psychological breakeven point. This type of intuitive perception, rather than objective outcomes, affects their commitment and subsequent behaviors. Therefore, outcome perception is a better indicator of negotiator behavior compared with economic outcomes (Curhan et al., 2006). In multi-session negotiation research, outcome perception of self-gain is considered as both a subjective outcome variable and a critical antecedent affecting negotiators' relational commitment and aspirations in the next session.

4.7.3 Relational capital

According to Curhan et al. (2008), while similar to the notion of social capital, relational capital further brings negotiators with “mutual liking, trust, and the quality of a dyadic relationship as opposed to a network of relationships among many individuals” (193). This definition is correspondent with what has been stated by Gelfand et al. (2006), who explicated that relational capital includes “assets of mutual liking, knowledge, trust, and commitment to continuing the relationship” (437). This research follows the same line of argument and defines relational capital as the relational assets accumulated within negotiation dyads; it incorporates mutual attraction, respect, trust, friendliness, positive expectations and other good impressions, all of which was fostered during negotiators' interactions. As an important subjective value, relational capital will be assessed in the empirical studies to capture negotiators' relational evaluation toward each other in the post-negotiation stage.

Considering the rich implications of guanxi, Chinese negotiators' liking and trust toward each other has been embedded in their accumulated guanxi. Chen and Peng (2008) analyzed the guanxi closeness among coworkers in Chinese organizations. In a business negotiation context, Chinese negotiators are likely to review their dyadic relationship by following the same guanxi patterns. Thus a high level of negotiators' guanxi closeness is also accompanied by a strong mutual support, trust and smooth communication just as the relationship dynamics of Chinese workplaces, regardless of the external changing context.

4.8 Summary

This chapter provides detailed definitions and explanations of the constructs embedded in the research framework. The following chapters will substantiate the conceptual model with three empirical studies based on a pretest of the shared scale items in the pilot study. Study 1 is an indigenous study which explores how relational constructs affect the negotiation process and outcomes in a highly relational culture (i.e., China). Study 2 is a comparative cultural study, using simulation method across multiple negotiation sessions. This study longitudinally replicates and extends the first study by comparing negotiation data between high-relational dyads and low-relational dyads. Study 3 is a cross-cultural study which investigates the negotiation dynamics in an intercultural setting across multiple negotiation sessions. These studies will be reported and discussed in details in Chapters 6, 7 and 8. The following chapter 5 will report a pilot study which was conducted in advance to test the applicability of the scales shared in empirical studies.

CHAPTER 5: PILOT STUDY⁴

5.1 Study Overview

This pilot study was conducted to test the scale items, in terms of their reliability and validity. The scales tested in this study include affective and instrumental relational commitment, the quality of information exchange and negotiators' perceived relational capital. These variables will be applied in all the subsequent studies, thus it is essential to extract those common measurements and substantiate their applicability in a pilot study. Among the scales to be pretested, those of relational commitments and relational capital were developed by adapting items which had never been used in previous laboratory negotiation studies, and the scale items of information exchange quality were seldom applied in mainstream negotiation literature. Therefore, a pretest could help enhance the usefulness of these scales before them being operationalized in the main studies.

There were two steps in this pilot study. Step 1 pre-tested the reliability of the target scale items used in negotiation simulations. From these results, step 2 made necessary revision and adjustment to the scale items and followed the same procedure to further testify the reliability and validity of the improved scale items.

This pilot study used a student sample with a research design of behavioral simulation in a laboratory environment. Student samples have been massively applied in experimental simulations. While student samples may raise concerns for representativeness, evidence has suggested that the difference between professionals and students is trifling (Ribbink & Grimm, 2014). Montmarquette, Rullière, Villeval, and Zeiliger (2004) also reported that there is a striking “similarity of students' and managers' average net payoffs” (1388). Also, the majority of negotiation research has adopted behavioral simulation which can “enable consistency across dyads” and “provide objective scoring” (Curhan, Elfenbein, & Eisenkraft, 2010: 696). Generally, negotiation simulation provides an opportunity to observe participants' behavior in controlled situations and obtain generalizable findings. A total of 42 postgraduate students (14 male, 28 female, average age 22) from a Chinese university were recruited for the entire pilot study.

⁴ Certain contents of Chapter 5 and 6 have been accepted as the article entitled *Relationality in Buyer-Seller Negotiations: Evidence from China* (in press), in *Contemporary Management Research*.

5.2 Step 1

5.2.1 Sample

20 students participated (8 male, 12 female, average age 20) in the test of step 1. All individuals participated in a one-on-one negotiation simulation as an in-class communication exercise. Participants were randomly assigned to different dyads. Their self-reported perceptions and behaviors were assessed before and after the simulation.

5.2.2 Procedure

Subjects were given materials containing assessment questions and instructions about the negotiation task before the negotiation. They were then allowed 10 minutes to read instructions, prepare the task, and provide scores on questionnaire items for relational commitment. Then they were allowed maximum 30 minutes to complete a simulated negotiation. After negotiation tasks, participants were asked to answer other self-assessment questions regarding information exchange quality as well as relational capital based on the reflection of their experience in the simulated negotiation.

The simulated negotiation task involves buying/selling a laptop. This task is similar to the integrative negotiation exercise developed by Kelley (1966) and then used by Graham et al. (1994). Within each dyad, one buyer and one seller were asked to negotiate over three issues regarding the purchase of a certain model of laptop, including warranty (from 2 months to 18 months), price (starting from RMB 8400 to maximum RMB 10,000) and configurations (from standard 1 as the lowest configuration to premium 3 as the highest) (see Appendix III). The instruction sheet given to each negotiator contained a list with associated points for each level of these three issues. As illustrated in the payoff matrix, the simulation has both competitive and cooperative characteristics. Each of the three terms had nine options that were associated with various levels of points. One issue (price) was distributive between them while the other two combined (warranty and configuration) had integrative potentials for participants to make beneficial agreements through information sharing and trade-offs. The theoretical range of joint dyad outcome ranged from 560 (e.g., a solution of IEA) to a maximum 1040 (e.g., a solution of AEI), which could be achieved by making a total compromise between warranty and configuration. So the task allows negotiators to accomplish a better agreement by trading

points from their lower-priority issues for gaining more points from higher-priority issues. Negotiators have to reach agreement within 30 minutes. If no agreement had been reached within the time limit for any of the issues, a zero point would be assigned to both parties. Otherwise the dyadic negotiation performance was calculated by summing up the individual gains of both buyer and seller on those 3 issues they have agreed on.

5.2.3 Measures

By referring to the scale of [Kumar et al. \(1994\)](#) on relational commitment, a 6-item scale has been developed to measure negotiators' affective and instrumental relational commitment respectively in a negotiation context. [Geyskens et al. \(1996\)](#) reported high reliability coefficients for both these two dimensions (> 0.80). Participants were required to rate on these items before the negotiation tasks.

The measurement of information exchange used the scale developed by [Han et al. \(2010\)](#) in Chinese. They applied 8 items to operationalize the quality of information exchange process using samples of MBA students from China, and reported a 0.87 reliability using this scale. These items ask participants to what extent they would solve discrepancies, communicate successfully and listen to each other attentively, which altogether indicate the quality of information exchange process. Participants answered these questions after the negotiation task.

As discussed earlier, relational capital among Chinese negotiators can be considered as their perceived guanxi closeness as the consequence of negotiation. Thus the scale measuring relational capital is primarily adapted from the relationship (guanxi) closeness scale developed by [Chen and Peng \(2008\)](#) which was initially used in a Chinese workplace context. The overall scale has been reported with a 0.91 high reliability (0.80 for the affective subscale and 0.90 for the instrumental subscale). Considering the contextual differences in negotiation simulations, I selected 6 items out of 9 from the scale (3 from each subscale) and added 2 more items, and then changed the wording by substituting the workplace context for the negotiation context when “work” is mentioned in the prior items. Hence the 8 items for the overall relational capital scale with 4 items in each subscale.

Participants provided their responses on five-point scales anchored by “strongly disagree” and “strongly agree” for all items (see Appendix IV). All materials were presented to them in Chinese. The survey items originally developed in English (relational commitment and relational capital) had been translated and back translated to ensure equivalence between the Chinese version and its original version.

5.2.4 Scale test

A statistical validation procedure had been applied to purify those commonly shared scales before they were applied in main studies. Reliability was assessed using the internal consistency coefficient Cronbach’s Alpha. According to the rule of thumb recommended by [Van de Ven and Ferry \(1980\)](#), the coefficient Alpha for the index which measure a moderately broad construct should be no less than 0.55. The result of the first round pretest showed that only two Cronbach’s Alpha coefficients were higher than this threshold value (Table 3).

Two approaches were taken to make appropriate modifications and improve the reliability of all these scales. First, the translation and back translation process was repeated to minimize potential misinterpretations, so as to ensure that the same meaning of items was delivered in Chinese language. Second, I rewrote the instructions in the material and modified the wording of scale items based on comments received from participants in step 1. The revised scale items were then retested in step 2.

Table 3 Scale Reliability in the 1st Step Test

Scales	Cronbach's Alpha
Instrumental relational commitment	0.31
Affective relational commitment	0.55
Information exchange quality	0.60
Affective relational capital	0.28
Instrumental relational capital	0.11
Relational capital (overall)	0.36

5.3 Step 2

22 participants (6 male, 16 female, average age 23.3) were recruited in step 2. Using the modified scales, the test in step 2 followed the same procedure and negotiation task used in step 1.

5.3.1 Scale test

Table 4 shows the reliability coefficient of all subscales based on the data collected in step 2. Compared with the reliability results of test 1, the reliability of most indices in test 2 improved remarkably. However, the reliability of the instrumental relational commitment subscale remained insufficient (0.34) with 3 items. The correlation of the 2nd item with the overall score is only 0.23 (*n.s.*), whereas the correlations of other items with the overall score are 0.89 ($p < 0.001$), and 0.73 ($p < 0.001$) respectively. Furthermore, two other items have an inter-item correlation of 0.55 ($p < 0.01$), while the 2nd item has only a non-significant slightly negative correlations with two other items (i.e., -0.01 and -0.29). These are the reasons why the alpha value of the 3-item scale is very low and the scale reliability improves dramatically after the 2nd item is removed. According to Churchill (1979): “If alpha is low... Items with correlations near zero would be eliminated. Further items which produce a substantial or sudden drop in the item-to-total correlations would also be deleted”. Therefore it was decided to remove the 2nd item “Economic gain” from this subscale. After this modification, this subscale had an adequate reliability coefficient of 0.7.

Table 4 Scale Reliability in the 2nd Step Pilot Test

Scales and Items	Cronbach's Alpha If Item Deleted	Cronbach's Alpha
Instrumental relational commitment		
<i>No better alternatives</i>	-0.77	0.34
<i>Economic gain</i>	0.7	
<i>Troublesome to terminate</i>	-0.02	
Affective relational commitment		
<i>Like working with partner</i>	0.49	0.59
<i>Feel upset</i>	0.50	
<i>Genuinely enjoy</i>	0.48	
Information exchange quality		
<i>Priorities of the other party</i>	0.66	0.64
<i>Knew my priorities</i>	0.58	
<i>Solved discrepancies</i>	0.57	
<i>Attention to my words</i>	0.60	
<i>Attention to the other party</i>	0.61	
<i>I expressed clearly</i>	0.64	
<i>The other party expressed clearly</i>	0.57	
<i>Communicated very well</i>	0.60	
Affective relational capital		
<i>Trust each other</i>	0.23	0.58
<i>Each other's interest</i>	0.56	
<i>Felt comfortable</i>	0.68	
<i>Similar style</i>	0.46	
Instrumental relational capital		
<i>The other party's interest</i>	0.82	0.68
<i>Respected each other</i>	0.56	
<i>Communicate the problems</i>	0.49	
<i>Negotiate in the future</i>	0.55	
Relational capital (overall)		0.8

As the subscales of affective relational commitment and instrumental relational commitment were arranged in the same section for participants to answer at the same time point, I also tested whether they were different from one another by calculating their inter-factor correlation which was very low ($r = -0.13$, *n. s.*). Since there was no preexisting scale for relational commitment in negotiation, exploratory factor analysis (EFA) was used to assess the multidimensionality of this construct. Bartlett's test of sphericity achieved a significance with a p-value less than 0.01, and the KMO measure of sampling adequacy values were 0.572 (> 0.500). These results indicated that the data were suitable for factor analysis. EFA of all 5 items indicated good discriminant and convergent validity for the subscales of relational commitment, presenting the dual-dimensionality of

relational commitment construct due to the two components extracted. As shown in Table 5, all factor loadings were greater than 0.6 on its own factor with no cross loadings on the other factor.

Table 5 EFA Loadings of Relational Commitment

Instrumental Relational Commitment	Affective Relational Commitment
0.873	
0.845	
	0.700
	0.806
	0.679

Note: Principal components with varimax rotation method.

5.4 Summary

Based on the above results from the pilot study, it was concluded that the scale reliabilities for the three constructs were sufficient. The scale of relational commitment had also demonstrated a good convergent and discriminant validity regarding its two dimensions. In summary, these scales were appropriate to be applied in the main studies. In the following chapters, three empirical studies will be reported and discussed to gain insights into the research questions. Chapter 6 reports on study 1, which explores how relationality plays a role in negotiations in a high-relational culture.

CHAPTER 6: STUDY 1 - RELATIONALITY IN NEGOTIATIONS: EVIDENCE FROM CHINA⁵

6.1 Study Overview

Study 1 explores the role of relationality in negotiations through an indigenous approach to collecting evidence from a high-relational culture, where strong relational behavior pervades social interactions. Study 1 aims to examine how negotiators' relational determinants, including relational (guanxi) orientation and relational commitment on negotiation, affect the negotiation communication process and outcomes (i.e., economic outcome and relational capital) in a high-relational culture.

The broad research question for study 1 is as below:

RQ1: How do relational determinants affect the negotiation process and outcomes in high-relational cultures?

There are three specific questions to be explored in this study:

RQ1.1: Does negotiators' relational (guanxi) orientation elicit their relational commitment at an early stage of negotiation in high-relational cultures?

RQ1.2: How does each aspect of negotiators' relational commitment on negotiation affect information exchange during negotiations in high-relational cultures?

RQ1.3: Does the information exchange affect the relational and economic outcomes in high-relational cultures?

To empirically pursue these research questions, China was selected to represent high-relational cultures and used as a case for discussion. As discussed in Chapter 4, Chinese society represents typical East Asian culture which is characterized by a strong relationality focusing on harmonious interpersonal connectedness as opposed to

⁵ Certain contents of Chapter 5 and 6 have been accepted as the article entitled *Relationality in Buyer-Seller Negotiations: Evidence from China* (in press), in *Contemporary Management Research*.

individualistic Western cultures (Ho, 1991; Hwang, 1987; Lovett et al., 1999). Therefore Chinese negotiators are expected to exhibit typical relational behaviors in intracultural negotiations within their home country, hence, being appropriate to be studied for the research purpose.

6.2 Theoretical Foundation and Hypotheses

6.2.1 Negotiator propensity-initial stage

The perception of relationship is composed of trust and feeling—“where trust is cognitive based and feeling is affect based” (cf., Chen & Peng, 2008: 64). Likewise, when negotiators develop a sense of commitment to their negotiation relationship, they tend to demonstrate two types of relational commitments: affective as well as instrumental commitment. As defined earlier, the former is based on a high level of interpersonal affections whereas the latter reflects negotiators’ economic purposes and is cognitive based. For most ongoing business relationships forged in a high-relational context, people engage in dual-intention activities—they pursue immediate economic gains as well as long-term relationships.

The relational commitment is affected by negotiators’ inclination of guanxi development with their counterparts. As an indigenous indication of relationship propensity for Chinese people, guanxi orientation results in frequent social interaction behaviors including expressing affective concerns to familiar others, providing and returning favors by offering help and giving gifts (Ang & Leong, 2000). Driven by guanxi orientation, negotiators are more likely to engage in guanxi-seeking behaviors to develop and maintain long-term business relationships. Therefore, a Chinese negotiator with a high guanxi orientation is inclined to focus on interpersonal concerns and relationships rather than the transactional aspects of the negotiation task (Pinkley & Northcraft, 1994). This means that guanxi orientation is positively associated with the affective aspect of the relational commitment, which involves non-task concerns.

Negotiators with strong guanxi orientation tend to secure a long-term based relationship with the other party (Ang & Leong, 2000). Thus guanxi orientation renders negotiators to conceptualize the negotiation from a relational view rather than a transactional view. Instrumental commitment, on the other hand, reflects a “negative motivation” for continuing the relationship with a “cold calculation of costs and benefits” (Geyskens et

al., 1996: 304-305). The instrumental commitment to negotiation relationship thus emphasizes economic transaction. Instead of being involved in the relational building process with high uncertainties of outcomes, negotiators with a strong instrumental commitment seek to capture the foreseeable outcomes, which are much more short-term focused. This contradicts the interest of guanxi orientation and is less favored by negotiators with strong guanxi orientation. The above discussion can be summarized in the following hypotheses:

H1a: Negotiators' guanxi orientation positively affects their affective relational commitment on negotiation.

H1b: Negotiators' guanxi orientation negatively affects their instrumental relational commitment on negotiation.

6.2.2 Initial stage-on-going interaction

Prior research on the mood effects on negotiation has shown that negotiators' emotional experiences have important impact on negotiation behaviors and outcomes. Carnevale and Isen (1986) reported that individuals with positive affect were more likely to avoid contentious behavior and achieve higher joint gains. Empirical evidence also showed that negotiators in good moods are more likely to exhibit cooperative behavior to their counterparts (Forgas, 1998). For those negotiators committed to establish relationships within dyads, they are expected to show more positive moods (e.g., happiness) and avoid overt competitive behavior, thus creating an emotionally beneficial spiral between negotiating parties. It can be expected that less contention and more cooperation leads to smoother communications including clear expressions, release of key information, and mutual understanding which altogether denote higher quality of information exchanged between negotiating parties. Thus the relational-building efforts are expected to promote the effectiveness of information exchange process.

In contrast, instrumental relational commitment represents a monetary-oriented and non-affect-based concern about negotiation continuance. Negotiators enter the negotiation with an underlying fixed-pie perception which leads them to consider the interest of each party within a dyad as being "diametrically opposed" (De Dreu et al., 2000a: 975). This belief combined with an overtly expressed instrumental commitment would lead to a competitive mindset that impacts negotiation behavior. Negotiators would be less

cooperative and conceal private information to preserve self-profit. As the quality of information exchange is defined as how effectively the key information (e.g., issue priorities and negotiator preferences) is shared between negotiators, instrumental commitment is negatively associated with information exchange quality.

H2a: Negotiators' affective relational commitment positively affects the information exchange quality in negotiations.

H2b: Negotiators' instrumental relational commitment negatively affects the information exchange quality in negotiations.

6.2.3 Initial stage-negotiation outcomes

Chen and Peng (2008) pointed out the mixed nature of the Chinese relationship with both affective and instrumental components. In line with their argument, while the affective aspect of relational capital can be more related to negotiators' feeling of their personal experience out of negotiations, the instrumental aspect is more cognitive-based reflecting a problem-oriented and economically-based relationships between negotiating parties. This study investigates both affective and instrumental aspects of relational capital, among Chinese negotiators, who value the mixed nature of their personal networks.

Commitment represents “a pledge of relational continuity between exchanged partners” (Rusbult, Verette, Whitney, Slovik, & Lipkus, 1991). If an individual is committed to an ongoing relationship, s/he is likely to anticipate long-term relational benefits as a consequence of interactions with others. Likewise, negotiators with strong relational commitment tend to initiate and build a long-term relational capital with their negotiating counterparts (Ganesan, 1994).

Affectively committed negotiators genuinely like working with the counterparts and enjoy the negotiation relationship (Cater, 2007; Geyskens et al., 1996). For the purpose of fostering an enduring relationship, they would affectively invest relational efforts such as willingness to accommodate (Rusbult et al., 1991), a demonstration of higher trust toward the counterpart (Geyskens et al., 1996) and cooperation for joint benefits (Morgan & Robert, 1994). Compared with negotiators with an instrumental focus, affectively committed negotiators are more similar to those portrayed by Ingerson et al. (2015) as “relational negotiators”, who see “relationship as an inherently valuable part of our human

experience” instead of “simply a means to an end” (39). As a result, affective commitment leads to an overall higher level of relational capital accumulated within the dyadic relationship, including both affective and instrumental aspects: mutual respect, satisfaction, perceived behavioral similarity, trust and comfort, support and understanding, smooth cooperation on conflicting issues and anticipation of future negotiation (Curhan et al., 2008). Therefore affective commitment not only increases negotiators’ affective relational experience, but also encourages them to communicate in good faith about issues that may jeopardize the joint economic gain.

Instrumentally committed negotiators maintain the negotiation relationship for calculative reasons, such as termination cost or the consideration of alternative suppliers/buyers (Cater, 2007). People’s perception toward relationship is a feeling subject to interpersonal influence. For people in high-relational cultures like China, the conceptualization of relationship is grounded on interpersonal harmony and conflict avoidance (Friedman, Chi, & Liu, 2005). People tolerate disagreements for the purpose of softening negative feelings and maintaining harmony (Zhang & Zhang, 2014). The hidden instrumental motivation of preserving a relationship, if any, is thus suppressed by affective causes. In other words, negotiators usually tend not to reveal the instrumental motivation during the pursuit of economic undertakings with counterparts. Once the instrumental commitment becomes salient, it would only correlate with negotiators’ concerns for solving negotiation problems and improving profit, but does not reinforce long-term relationship development. Hence instrumental commitment is expected to affect the instrumental element of relational capital, with no impact on affective relational capital.

H3a: Negotiators’ affective relational commitment positively affects their affective relational capital as a result of the negotiation.

H3b: Negotiators’ affective relational commitment positively affects their instrumental relational capital as a result of the negotiation.

H3c: Negotiators’ instrumental relational commitment positively affects their instrumental relational capital as a result of the negotiation.

6.2.4 On-going interaction-negotiation outcome

The quality of information exchange reflects the effectiveness of communication over

key issues. Thompson (1991) reported that the process of information exchange, regardless of whether one or both negotiators engage in providing and seeking key information, positively influences the creation of mutually beneficial agreements which promotes joint outcome. Prior research also found that higher information quality leads to more accurate perception of counterparts (i.e., less judgment error) (Kemp & Smith, 1994), and eventually more joint value created from a win-win solution (Schei, Rognes, & Shapiro, 2010). The enhanced joint outcome expands the profitable zone for both negotiators in a dyad, hence promoting the dyadic economic outcome. But the impact of information exchange on self-profit of either party cannot be directly predicted because one's gain may incur the other's loss over certain issues in dyadic decision-making processes.

The quality of information exchange not only impacts the joint economic outcome, but also affects negotiators' perceived relational capital. Paese and Gilin (2000) found that negotiators made fewer demanding offers, less exaggeration and more truth-telling actions when their counterparts truthfully shared private information. In East Asian countries with a relational culture, the communication tradition emphasizes relational harmony in the conflict resolution process (Zhang & Zhang, 2014). It thus can be expected that, in high-relational cultures, the communication among negotiators has affective functions. Information sharing thus boosts trust, leads to comfort felt in interpersonal relationships. It also results in a higher level of negotiation efficiency by helping negotiators identify priorities and making tradeoffs (Schei et al., 2010). Negotiators' perceived affective as well as instrumental relational capital would be solidified as a result of the high-quality information exchange. Thus positive links between the quality of information exchange and negotiation outcomes could be summarized in the following hypotheses:

H4a: The quality of information exchange in the negotiation positively affects negotiators' affective relational capital as a result of the negotiation.

H4b: The quality of information exchange in the negotiation positively affects negotiators' instrumental relational capital as a result of the negotiation.

H4c: The quality of information exchange in the negotiation positively affects negotiators' joint outcome as a result of the negotiation.

The proposed model for study 1 can be illustrated in Figure 2 as follows:

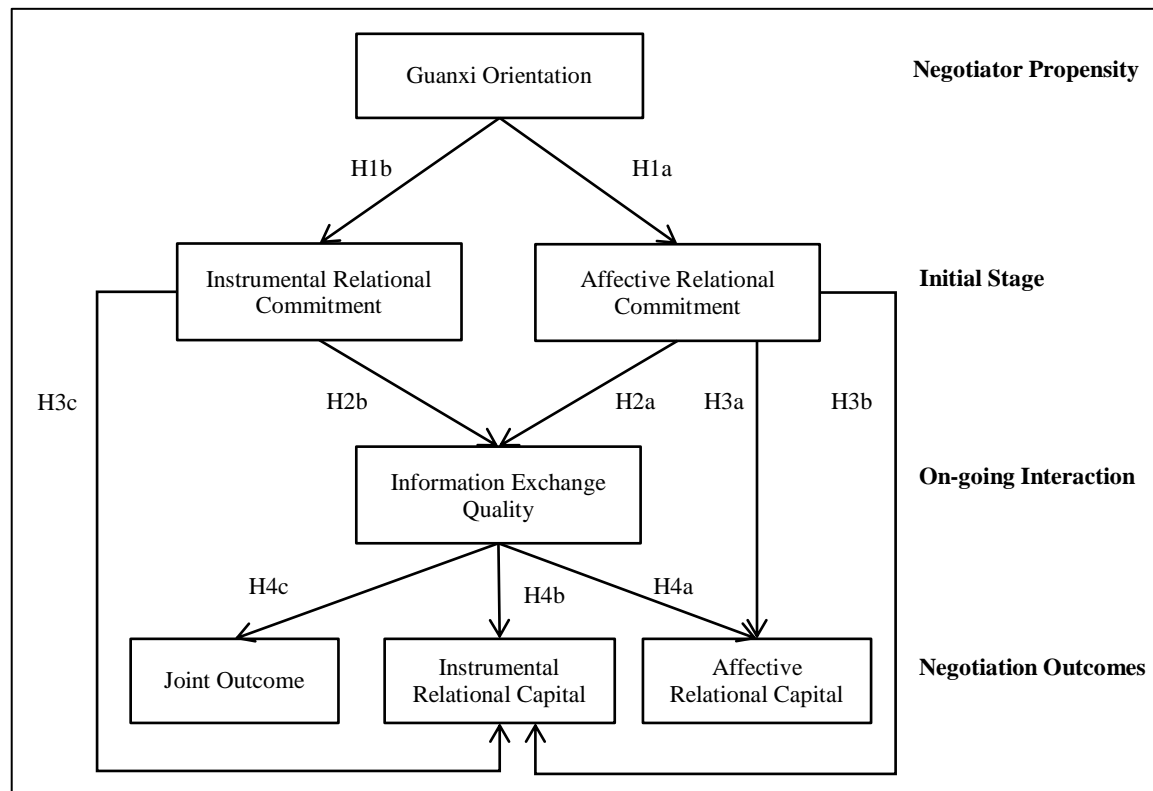


Figure 2 Theoretical Model for Study 1

6.3 Method

6.3.1 Sample

The effective sample consisted of 52 MBA students from a university at Shanghai, China, including 31 males (59.6%) and 21 females (40.4%), with an average age of 31.2 years. Participants were randomly assigned to different dyads and conducted a one-on-one negotiation simulation as an in-class exercise during a business course. Their self-reported propensities, behaviors and perceptions were assessed before and after the simulated negotiation sessions. The research procedure and negotiation task were the same as those specified in the pilot study (see Chapter 5). All participants reached the agreements by the end of negotiation simulations.

6.3.2 Measures

Participants provided their responses on five-point scales, ranging from “strongly disagree” to “strongly agree”. All materials were written in Chinese because of the language background of subjects. The survey items originally in English were translated and back translated to ensure equivalence between the Chinese version and its original

version.

In addition to constructs pretested in the pilot study, the pro-relationship scale of [Liu et al. \(2012b\)](#) was selected to operationalize the guanxi orientation of Chinese negotiators in this study (see Appendix V). In order to capture negotiators' pro-relationship mindset, they employed a 5-item scale with an acceptable reliability coefficient of 0.73 and sufficient convergent validity in their first study. In this research, the word "relationship" was literally termed as "guanxi" in Chinese characters when applied among Chinese subjects.

There are several reasons for this study to consider guanxi orientation as a reflective construct rather than a composite of different aspects. First, this study examines Chinese negotiators' beliefs in guanxi in general. Considering guanxi orientation as formative may lead to a broadly defined construct, which incurs substantial vagueness about which aspects of guanxi predict certain consequences. Second, another disadvantage of a formative approach is the probability of information loss when items are selected and aggregated into a composite indicator. Lastly, the differences between guanxi (in Chinese) and relationship (in English) are expected to be sufficient for Chinese participants to associate these items with their indigenous conceptualization of relationship instead of a generic one. For all these reasons, this 5-item scale ([Liu et al., 2012b](#)) was used as the measurement of Chinese negotiators' guanxi orientation for this research.

6.3.3 Scale test

All self-reported factors were tested for reliability, validity and unidimensionality. The Cronbach's Alpha was used to assess reliability, reported in Table 6. For the guanxi scale, the coefficient increased from 0.66 to 0.70 after one item was deleted ("Intend to develop a good relationship with the other party"). As it did not impact the overall interpretation of the guanxi orientation scores, the 4-item was then used in further analysis. The scale of instrumental relational commitment had a reliability coefficient of 0.61, which was deemed a permissible alpha value for new scales ([Flynn, Schroeder, & Sakakibara, 1994](#)). Though the reliability of affective relational commitment scales was lower than (but close to) the 0.55 lower bound of acceptance suggested by ([Van de Ven & Ferry, 1980](#)) despite thorough translation process, the scale was retained for further analysis for the following three reasons. First, EFA revealed that this subscale together with the subscale of

instrumental relational commitment showed good convergent and discriminant validities with factor loadings larger than 0.60 on their own factors, respectively, and less than 0.40 on the other factor ($KMO > 0.500$, p -value of Bartlett's Test of Sphericity < 0.001). Second, this subscale had demonstrated sufficient internal consistencies in phase 2 of the pilot study. Third, this scale is relatively new and remains exploratory in nature. Other scales had adequate reliability coefficients greater than 0.70 (Nunnally, 1978). Composite reliability (CR) values for each construct are also presented in Table 6.

To assess the convergent validity and unidimensionality, CFA was conducted using structural equation model (SEM) with LISREL separately for the scales of guanxi orientation and relational commitment, as well as the scales of information exchange quality and relational capital, as they were surveyed at different time points, i.e., before and after negotiation simulation respectively. Item loadings and fit indices are shown in Table 6. Items generating standardized loadings lower than 0.40 were removed from the measurement model (3 items for information exchange quality). All remaining factor loadings in Table 6 were significant. Maccallum, Browne, and Sugawara (1996) have suggested root mean square error of approximation (RMSEA) value less than 0.05, 0.08 and 0.10 indicative of close, fair and mediocre fit respectively, and value larger than 0.10 a sign of poor fit. Thus for scales used before negotiation simulations, CFA revealed that the model fit the data generally well ($\chi^2 = 27$, $df = 24$, $\chi^2 / df = 1.125 < 3$, RMSEA = 0.050, SRMR = 0.08 < 0.1 , CFI = 0.96, IFI = 0.97, NNFI = 0.94). For scales used after negotiation simulations, the measurement model fit with the latent variables was also within an acceptable range ($\chi^2 = 82.82$, $df = 62$, $\chi^2 / df = 1.336 < 3$, RMSEA = 0.081, SRMR = 0.068 < 0.1 , CFI = 0.91, IFI = 0.91, NNFI = 0.88). The 90% confidence interval of RMSEA in both models incorporated the value 0.05. Furthermore, additional CFA tests were conducted for the multi-dimensional construct of relational commitment and relational capital. Results showed that the two-factor model ($\chi^2 = 5.23$, $df = 4$, RMSEA = 0.078, CFI = 0.94, IFI = 0.95, NNFI = 0.86) of relational commitment was significantly better than a one-factor model ($\chi^2 = 14.5$, $df = 5$, RMSEA = 0.193, CFI = 0.60, IFI = 0.67, NNFI = 0.21; $\Delta\chi^2 = 9.27$, $\Delta df = 1$, $p < 0.01$), and the two-factor model of relational capital ($\chi^2 = 31.71$, $df = 19$, RMSEA = 0.1, CFI = 0.95, IFI = 0.95, NNFI = 0.93) was significantly better when compared with a one-factor model ($\chi^2 = 61.81$, $df = 20$, RMSEA = 0.202, CFI = 0.86, IFI = 0.87, NNFI = 0.81; $\Delta\chi^2 = 30.1$, $\Delta df = 1$, $p < 0.001$), clearly distinguishing the instrumental and affective components of both relational commitment and relational

capital.

To determine discriminant validity, we calculated the square root of AVEs for each self-reported construct. The rationale of using AVE is to identify how much item variance could be explained by the intended latent factor than by other constructs. We found that for each construct, the square root of its AVE is greater than its correlations with other constructs, thus demonstrating satisfactory discriminant validity of the measurement model (Fornell & Larcker, 1981).

Table 6 Reliability Assessment and CFA of Scales in Study 1

Factors and Items	Estimated Loadings	Standardized Loadings
Guanxi Orientation (Cronbach's Alpha=0.70; CR=0.72)		
<i>Focus on relationship development</i>	0.38	0.46
<i>An opportunity to develop relationship</i>	0.66	0.56
<i>Willing to adjust</i>	0.68	0.75
<i>Willing to compromise</i>	0.98	0.73
Instrumental Relational Commitment (Cronbach's Alpha=0.61; CR=0.75)		
<i>No better alternatives</i>	1.46	1.06
<i>Troublesome to terminate</i>	0.60	0.41
Affective Relational Commitment (Cronbach's Alpha=0.54; CR=0.54)		
<i>Like working with partner</i>	0.68	0.56
<i>Feel upset</i>	0.67	0.54
<i>Genuinely enjoy</i>	0.54	0.49
Information Exchange Quality (Cronbach's Alpha=0.84; CR=0.85)		
<i>Knew my priorities</i>	0.84	0.68
<i>Solved discrepancies</i>	0.87	0.83
<i>Attention to my words</i>	0.93	0.81
<i>Attention to the other party</i>	0.36	0.52
<i>Communicated very well</i>	0.65	0.80
Instrumental Relational Capital (Cronbach's Alpha=0.88; CR=0.89)		
<i>The other party's interest</i>	0.63	0.69
<i>Respected each other</i>	0.69	0.83
<i>Communicate the problems</i>	0.74	0.94
<i>Negotiate in the future</i>	0.81	0.80
Affective Relational Capital (Cronbach's Alpha=0.90; CR=0.91)		
<i>Trust each other</i>	0.83	0.91
<i>Each other's interest</i>	0.86	0.76
<i>Felt comfortable</i>	0.84	0.77
<i>Similar style</i>	0.88	0.93

6.4 Results

An overview of correlations among different variables is presented in Table 7. Gender

was coded using a dummy variable with male = 1 and female = 0. As a control variable, it did not significantly correlate with any other variables.

Table 7 Correlation Table of Constructs in Study 1

Variable	Mean	s. d.	1	2	3	4	5	6
1. Gender	0.60	0.50						
2. Guanxi orientation	4.01	0.79	-0.13					
3. Affective relational commitment	3.56	0.86	0.01	0.51**				
4. Instrumental relational commitment	2.83	1.20	0.14	0.24 [†]	0.21			
5. Information exchange quality	4.11	0.83	-0.11	-0.11	0.19	-0.20		
6. Affective relational capital	4.11	0.90	0.16	-0.03	0.41**	-0.04	0.56***	
7. Instrumental relational capital	4.32	0.76	0.15	-0.02	0.40**	-0.08	0.70***	0.76***

Note: $n = 52$ individuals for all variables. [†] $p \leq 0.10$, ** $p \leq 0.01$, *** $p \leq 0.001$, two tailed.

Hypotheses were tested using multiple hierarchical regressions in SPSS with relational commitment, information exchange quality, relational capital and joint gain as the dependent variables respectively, as shown in Table 8. In all cases relevant statistics showed that multicollinearity was not a problem ($VIF < 3.33$, condition index < 30) (Diamantopoulos & Siguaw, 2006; Velleman & Welsch, 1981). For each variable in every step of hierarchical regression, the maximum VIF is 1.54, and the maximum condition index is 25.12. The results of one-way ANOVA showed that none of the self-reported variables differed across dyads. Hypotheses were thus tested on the individual level ($n = 52$), except for H4c which was tested on the dyadic level ($n = 26$) as joint gain is a dyadic outcome.

Table 8 Hierarchical Regression Results of Study 1

Predictors	Relational Commitment		Information		Relational capital				Joint gain
	Affective	Instrumental	Exchange	Quality	Affective	Instrumental			
<i>Control</i>	M 1	M 2	M3	M4	M5	M6	M7	M8	M9
Gender	0.08	0.18	-0.23	-0.13	0.13	0.19	0.14	0.21	
<i>Main effects</i>									
Guanxi Orientation	0.52***	0.27 [†]	-0.13	-0.25	-0.28 [†]	-0.18	-0.25	-0.1	0.16
Affective Relational Commitment				0.37*	0.58***	0.42*	0.56***	0.34**	-0.35
Instrumental Relational Commitment				-0.26 [†]	-0.11	0.01	-0.16	-0.01	0.08
<i>Mediator</i>									
Information Exchange Quality						0.42***		0.59**	0.01
R ²	0.27	0.09	0.03	0.19	0.27	0.42	0.26	0.55	0.08
F	8.85***	2.41 [†]	0.85	2.67*	4.39**	6.59***	4.22**	11.17***	0.47
ΔR ²				0.15		0.15		0.28	
ΔF				4.37*		11.45***		28.9***	

Note: Standardized coefficients are presented. [†]p ≤ 0.10, *p ≤ 0.05, **p ≤ 0.01, ***p ≤ 0.001, two tailed.

H1a and H1b proposed that negotiators' guanxi orientation positively affects affective relational commitment and negatively affects instrumental relational commitment. Regression results revealed that guanxi orientation increases affective relational commitment significantly ($\beta = 0.52$, $p < 0.001$, Model 1). Thus H1a was supported. Guanxi orientation was observed having a marginal positive significant effect on instrumental relational commitment ($\beta = 0.27$, $p = 0.06 < 0.10$, Model 2). Since this effect was opposed to the hypothesized negative direction, H1b was not supported.

H2a and H2b predicted a positive effect of affective relational commitment and negative effect of instrumental relational commitment on the quality of information exchange. Results of multiple regression showed that guanxi orientation alone does not impact the quality of information exchange (Model 3). When adding affective relational commitment and instrumental relational commitment into the equation, the model reached significance ($F = 2.67$, $P < 0.05$, Model 4), and the explanative power improved substantially compared to Model 3 ($\Delta R^2 = 0.15$, $\Delta F = 4.37$, $p < 0.05$, Model 4). Since the positive effect of affective relational commitment was significant ($\beta = 0.37$, $p < 0.05$), the result offered support to H2a. The negative effect of instrumental relational commitment had a considerable marginal significance controlling for gender ($\beta = -0.26$, $p = 0.06 < 0.10$).

Thus the result partially supported H2b, indicating a considerable trend of instrumental relational commitment to influence information exchange quality.

H3a, H3b and H3c predicted that affective relational commitment positively affects both affective and instrumental capital, whereas instrumental relational commitment positively affects instrumental relational capital. The regression showed a support for both H3a and H3b in that the effect of affective relational commitment was significantly positive for affective relational capital ($\beta = 0.58, p < 0.001$, Model 5) as well as instrumental relational capital ($\beta = 0.56, p < 0.001$, Model 7). However, H3c was not supported since no significant relationship was discovered in the analysis (Model 7).

H4a, H4b and H4c hypothesized that the quality of information exchange positively affects affective and instrumental relational commitment, together with economic joint gain. When information exchange was added into the equation, the explanative power of the model increased significantly compared with Model 5 ($\Delta R^2 = 0.15, \Delta F = 11.45, p < 0.001$, Model 6) and Model 7 ($\Delta R^2 = 0.28, \Delta F = 28.9, p < 0.001$, Model 8). Aligned with the hypotheses, the effect of information exchange on both dimensions of relational capital was significantly positive ($\beta = 0.42, p < 0.001$, Model 6; $\beta = 0.59, p < 0.01$, Model 8). Therefore the results lent support to H4a and H4b. The main effect of information exchange on joint gain was tested with no significance revealed (Model 9). Thus H4c was not supported.

Following the steps suggested by (Baron & Kenny, 1986), the mediation test was also conducted for assessing the potential mediation effects of information exchange quality between relational commitment and relational capital. As shown in Table 8, both the significance and magnitude of the effects of affective relational commitment were reduced after information exchange quality had been added into the models. Effects on affective relational capital decreased from 0.58 ($p < 0.001$, Model 5) to 0.42 ($P < 0.05$, Model 6) (Sobel test: $z = 1.98, p < 0.05$). And effects on instrumental relational capital decreased from 0.56 ($p < 0.001$, Model 7) to 0.34 ($p < 0.01$, Model 8) (Sobel test: $z = 2.39, p < 0.05$). The analysis indicates a partial mediation effect of information exchange quality on the relationships between affective relational commitment and both dimensions of relational capital. Since instrumental relational commitment had no significant effect on either aspect of relational capital (Model 5 and Model 7), information exchange quality

did not serve as a mediator between instrumental relational commitment and relational capital.

Because of the small sample used in this study, I also adopted bootstrap procedures for all hypotheses to test the robustness of our results (Efron, 1979). I constructed bias-corrected 95% confidence intervals (BC 95%-CI) based on 1000 random samples, and found that all statistical results remained the same. Therefore, these results based on a small sample should still hold if the research is replicated with a larger sample.

6.5 Discussion

The results of study 1 are consistent with the predictions that relationality plays an important role throughout the negotiation process and impacts on negotiation outcomes. Negotiators' perception of guanxi in negotiations enhances their affective relational commitment, which increases the quality of their information exchange in negotiation. Their instrumental relational commitment, as hypothesized, shows a statistical trend to decrease the quality of information exchange. Negotiators' affective as well as instrumental relational capital is reinforced by their affective relational commitment and the quality of information exchange process. Furthermore, the information exchange quality partially mediates the relationships between affective relational commitment and affective (and instrumental) relational capital.

By setting its context in a high-relational society, this study has identified a path through which relationality impacts on negotiation processes and outcomes. The impact is traceable from pre-existing propensity and pre-negotiation initial stage to communication interaction and final relational outcomes. This study provides evidence that Chinese negotiators' relational propensity positively links to the affective component of negotiation commitment, which also affects negotiation communication process and relational capital. Instrumental commitment was found to not be connected with relational capital. This result indicates that affective elements play a more active role in shaping bilateral negotiation relationships.

Several hypotheses were not supported in this study. Contrary to the expected negative correlation hypothesized in H1b, findings indicated that guanxi orientation could even

have a slight positive effect on instrumental relational commitment. This counterintuitive result shows that strong guanxi orientation can promote both the affective and instrumental aspect of commitment to negotiation relationship. A possible explanation comes from the theory of mixed guanxi ([Chen & Chen, 2004](#); [Chen & Peng, 2008](#)), which points out the co-existence of affective and instrumental elements in certain types of guanxi (e.g., relationships among colleagues or classmates). According to [Hwang \(1987\)](#), a mixed-tie guanxi typically occurs when relationship participants are neither close in-group members nor total strangers, but somewhere inbetween. This finding indicates that the relationship among negotiators fits into this category in a high-relational culture. In other words, the importance of affective pursuit is not necessarily prioritized at the cost of economic interest, indicating the co-existence of relational and instrumental objectives.

Another unsupported hypothesis was H3C, which proposes a positive effect of instrumental relational commitment on instrumental relational capital. The analysis showed that the instrumental commitment has no impact on the instrumental component of relational capital. When negotiators consider instrumental commitment, they are more likely to focus on the cost associated with negotiation termination ([Geyskens et al., 1996](#)). However, negotiators could be benefit-driven when evaluating negotiation outcomes. The two different orientations at different stages of negotiation may explain why no effect was found between the two variables. More research is needed to investigate if the same pattern exists in low-relational cultures. In addition, future research can adjust the measurement of the two variables to be consistent in dimensions. For example, researchers can take a further step to measure whether the benefit concern of negotiation continuance is associated with instrumental relational capital.

H4C was not supported in this study. No correlation was identified between information exchange quality and joint gains. This result can be attributed to the use of self-report scale items. Self-report measurement is a time-saving and straightforward approach to capture many psychological factors, and widely applied in laboratory studies. But this method has its limitation. Inferences based on the analysis of self-reported data are subject to immediate post-negotiation memory ([Adler & Graham, 1989](#)). For example, participants may be influenced by irrelevant information when making judgment of the negotiation process, hence not being able to accurately recall the actual process. To address this issue, the following studies in this research will combine self-report

measurement with a content-analysis technique. Researchers in early studies have called for the application of this method to accurately captures the communication process by analyzing observational data coded from audio-taped conversations (Graham et al., 1994). The use of this method will be reported in more details in the next chapter on study 2.

Only partial support was found for H2b which predicts a negative effect of instrumental commitment on information exchange quality. Though only marginally significant, the finding indicated a considerable trend for instrumental commitment to undermine the effectiveness of negotiator interaction. It is expected that a more significant negative effect can be revealed from a larger sample size in future research.

An additional finding of study 1 is the discovery of a partial mediation effect on information exchange quality between affective relational commitment and both dimensions of relational capital. This finding indicates that affective relational commitment has both direct and indirect effects on relational outcomes. Information exchange quality, being the mediator in the path of impact, plays a significant role in carrying out the indirect effect. This demonstrates the importance of the quality of ongoing interaction in fostering relationships among negotiating parties. If the quality of information exchange decreases, relational capital will be undermined despite the existence of affective relational commitment. The maximum gain of relational capital comes from high affective relational commitment coupled with effective management of communication processes in negotiations.

6.5.1 Theoretical implications

This research is one of the few studies which have empirically investigated the role of relationality in negotiations (Curhan et al., 2008; Tenbrunsel et al., 1999). Notably, it is among the first to investigate the associations among a full range of relational constructs in a high-relational culture. This study substantiated that affective considerations, rather than instrumental considerations, gain more saliency in relational interactions among negotiators in a high-relational culture. The finding sheds light on the importance of the affective commitment in maintaining negotiation relationship. This implication can be extended to other issues, such as partner choice in marketing channel relationship, and employee turnover in organizations, where affective commitment can play a prominent role among various factors. Furthermore, this study explores how relational outcomes can

be strengthened by communication throughout negotiation interactions. Most prior research only emphasized the economic function of information exchange (Thompson, 1991; Van Beest et al., 2011). This study further identified and attested to the social function of information exchange in terms of relational capital accumulation. The following studies in this thesis will further discuss the role of other process variables in shaping relational consequences in negotiations.

In buyer-seller relationship research, extant studies only measured commitment through questionnaire sent to firms (Geyskens et al., 1996; Morgan & Robert, 1994). Hardly has any negotiation research investigated commitment in a controlled laboratory environment. By introducing the construct of commitment into laboratory research, the research design ensures a strong internal validity, regarding the associations among relational commitment and other negotiation constructs. This research has experimentally measured two dimensions of relational commitment in a simulated negotiation context. As a result, it was observed that the two dimensions of relational commitment differ in their influences on communication processes and relational consequences.

The majority of extant literature in relational orientation and commitment has focused on their impacts on relationship management to secure long-term partnerships. Our study did not discover the negative effect carried by guanxi orientation on instrumental relational commitment, but instead, a positive trend between these two variables. This finding offers a fresh perspective to reconsider and reinterpret the impact of relationality on negotiation. It is consistent with a recent argument that socially embedded relationality can coexist with the self-fulfilling nature of instrumentality (Ingerson et al., 2015). As such, relationship orientation is not necessarily in conflict with pursuit of economic interest. These two dimensions of relational commitment could be intertwined through a complicated mechanism, which deserves more thorough research.

6.5.2 Limitations

This study used a student sample as the data source to generate findings, which may raise concerns on the generalizability of research conclusions (Ma, 2007). However, a large proportion of negotiation simulations have incorporated student samples in the experimental design. As mentioned earlier in chapter 5, the characteristic difference between managerial and student samples is negligible (Ribbink & Grimm, 2014). Thus

the results of this study can be properly applied to professional negotiators in the real world. Another limitation could be the relatively small sample size employed in the main study. Further studies are needed with a larger sample pool to validate the findings concerning relationality in negotiations.

6.5.3 Managerial implications

Negotiators with high guanxi orientation are not simply committed to relationship maintenance in negotiations but instead, are both affectively and instrumentally motivated. This finding bears significant managerial importance. A well-established guanxi network matters in a high-relational society such as China (Davies, Leung, Luk, & Wong, 1995). However, it should not be taken for granted that strong guanxi orientation exclusively leads to relational activities. Facing a negotiator with high guanxi orientation, managers should also recognize their counterparts' economic needs which can be equally important as their needs for relationship establishment.

While guanxi orientation is a negotiator propensity influenced by cultural background, the affective and instrumental relational commitment are coping strategies employed by negotiators to achieve negotiation goals. On the one hand, managers can design a strategy based on the perceived importance of economic and relational needs of the other party in negotiations. On the other hand, managers should pay attention to the behavioral representations of guanxi orientation of their counterparts and design intervention tactics to promote the affective commitment by their counterparts in the negotiation. For example, when business managers negotiate with Chinese professionals, they may pay heed to their counterparts' guanxi efforts (Shou, Guo, Zhang, & Su, 2011), such as offering help and returning favors, to motivate their counterparts to be more affectively committed to the negotiation.

Some negotiators may wonder whether they should emphasize an affective relational commitment at all in one-off transactional negotiations. As discovered in this study, the role of affective commitment is more salient (versus instrumental commitment) in terms of its positive associations with other negotiation variables. In support of the advice of Kumar et al. (1994) and Geyskens et al. (1996), the study also substantiated that while instrumental commitment does have a negative impact on negotiations by undermining the quality of information exchange, affective commitment does boost the communication

as well as relationships even in a one-shot negotiation, hence generating more long-term favorable consequences compared with those of instrumental commitment. Therefore, negotiating managers should pay substantial efforts on fostering affective commitment, particularly in a high-relational culture.

Affective relationship commitment has both direct and indirect impacts on the achievement of relational goals. The existence of its indirect impact, through quality of information exchange, indicates that to maximize the effectiveness of this commitment strategy, managers should also invest considerable effort to enhance communication effectiveness throughout negotiation interactions, such as being more transparent and honest in information exchange ([Van Beest et al., 2011](#)). Moreover, a proper management of communication process is likely to counteract the negative effect of instrumental commitment on information exchange, enhance the communication quality, and improve the relational experiences.

6.6 Summary

When a negotiator focuses more on a long-term partnership, s/he would be more affectively committed to the on-going negotiation, hence, more willing to reinforce the communication effectiveness by disclosing more quality information to the counterpart. Higher information quality leads to a higher relational capital within dyads. Study 1 contributes to the extant negotiation studies by identifying negotiators' relational concern and exploring its effects on the negotiation process and consequences in a high-relational cultural context. In the following studies of this research, the role of relationality will be further explored during multiple negotiation sessions in different cultural contexts.

CHAPTER 7: STUDY 2 - CULTURAL BOUNDARIES OF DYNAMIC RELATIONALITY IN NEGOTIATIONS: A COMPARATIVE STUDY

7.1 Study Overview

Drawing on the findings from study 1, study 2 adopts a comparative cultural approach to investigate how relationality functions in negotiations in two different cultural contexts. Negotiation behavioral characteristics will be investigated in and compared between high- and low-relational cultures. Additional variables are added to further explore the role of relationality in negotiations. A multi-session simulation design is used that expands study 1 from discrete transactions (one-shot negotiations) to consecutive transactions (multi-session negotiations).

The overall research question for study 2 is below:

RQ2: Does the role of relationality in the negotiation process differ between high- and low-relational cultures?

From this, 4 specific research questions are developed:

RQ2.1: What is the impact that relational self-construal has on aspirations?

RQ2.2: What are the impacts that aspirations have on the negotiation process and outcomes?

RQ2.3: Are there any feedback effects of the subjective outcomes from a prior session on the current negotiation?

RQ2.4: Do the above effects, if any, vary in high- vs. low-relational cultures?

To pursue these research questions, this study uses distinct approaches to measure certain constructs and added additional variables. First, rather than using guanxi orientation, the concept of relational self-construal (RSC) was employed to operationalize negotiators' relational orientation. This is because guanxi is an indigenous variable with its rich meaning rooted only in the Chinese culture, whereas RSC is a universal relational

orientation variable suitable for cross-cultural studies (Cross, 2009; Hwang, 1987). Second, this study included negotiators' aspirations as an additional construct. Aspirations reflect negotiators' expectation of economic outcomes (White & Neale, 1994). In multi-session negotiations, changes in aspirations are critical to explain the mechanism of negotiation dynamics. It would be helpful to understand how negotiators' expectations affect their negotiation behavior and subsequent outcomes out of each session, as well as how prior negotiation outcomes generate feedback effects on aspirations in the current session. Lastly, this study analyzed information contents (i.e., verbal behaviors) shared between negotiating parties instead of measuring information exchange with self-reported items. Particularly, the relative frequency of a range of negotiation behaviors was coded to operationalize communication process. The change in measurement from study 1 is important for two reasons. First, the communication process is an indispensable interaction part in negotiations and critically predicts negotiation outcomes (Thompson, 1991). The use of multiple methods could identify causal relationships concerning this construct in a more accurate manner. Second, negotiators' communication can be fully captured through the transcribing and coding technique, which has been deemed as "the most appropriate technique to use for analyzing taped negotiations" (Tracy, 2002: 340-341).

In short, as a comparative cultural study with a multi-session design, study 2 analyzes and compares the effect of relational orientation (i.e., RSC) on aspirations which is expected to predict the frequency of verbal behaviors and final negotiation outcomes. This study also investigates how current aspirations and relational commitments are affected by the feedback effects of prior negotiation outcomes. Furthermore, the moderating effects of culture are examined regarding whether and how the relationships among negotiation variables vary in high- and low-relational cultures.

7.2 Theoretical Foundation and Hypotheses

7.2.1 Negotiator propensity-initial stage

Negotiators high in RSC tend to think themselves as interdependent in their relationships with others (Cross, 2009). Experimental research has indicated that a highly relational context generates *relational accommodation*, a phenomenon when negotiators pursue their relational goals while enduring economic loss (Curhan et al., 2008). Consistent with this result, the dual concern theory posits that if negotiators are overly concerned about

others' interest, they tend to engage in compromising behavior which reduces joint economic outcomes (Pruitt & Rubin, 1986). Negotiators with higher relational concerns are likely to possess a stronger consideration of the other party's interests. Thus they would prioritize the relational goal and set economic gains as secondary goal, and set limits on their future economic achievement goals (Ramirez-Marin & Brett, 2011). Following this line of argument, it can be hypothesized that higher RSC can reduce negotiators' aspirations at the initial stage of negotiations.

H5: Negotiators with higher RSC will have lower aspirations at the initial stage of negotiations.

7.2.2 Initial stage-on-going interaction

Aspirations can influence negotiator behavior in many respects. As explained in chapter 4, this research examines four types of negotiation behavior: relational behavior, integrative communications, distributive communications, and complementary remarks⁶. This section will discuss the relationships between aspirations and these behaviors. Prior studies have reported that negotiators with higher aspiration will reap more profits (White & Neale, 1994). This thesis argues that aspiration level affects how negotiators behave, which further impacts the economic outcome of negotiations.

As negotiators pursue higher profits, they are inclined to focus on the distribution of profits between parties rather than the joint outcome. Thus high aspirations shift negotiators' focus from cooperation to competition, especially when trust is low between negotiators (Kimmel, Dean, Magenau, Konar-Goldband, & Carnevale, 1980). Hamner and Harnett (1975) found that buyers with higher aspirations have more demanding opening bids and smaller concessions, indicating an increased intensity of distributive behavior. In other words, aspirations will enhance negotiators' distributive communications.

H6a: Negotiators with higher aspirations are more likely to be engaged in distributive communications in ongoing negotiation interactions.

⁶ Detailed explanations and the subcategories of these four types of behaviors can be referred to the section of Negotiation Behaviors in Chapter 4.

When negotiators focus more on their economic gains, they are likely to pay less attention to other aspects during negotiation communication. This is resulted from a proportional increase of distributive behavior and subsequently decrease of other behavioral frequency. When negotiators use more distributive communication, they tend to show reduced interest in relational pursuit, care less about the other party's gain, and conceal rather than share relevant information. Accompanied with a higher level of distributive communications, higher aspirations discourage negotiators to adopt other negotiation behaviors.

As higher aspirations promote distributive communications, these economically motivated negotiators would be involved in value-claiming instead of value-creation activities. They consider the entire resources as fixed rather than flexible (De Dreu et al., 2000a). Whereas integrative communications require negotiators to solve common problems, negotiators with higher aspirations may only want to secure self-gain. Thus higher aspirations may lead to a biased judgment of negotiators that their interest is diametrically opposed to their opponents, which renders the integrative communication to be even impossible (Thompson, 1990).

H6b: Negotiators with higher aspirations are less likely to be engaged in integrative communications in ongoing interactions.

Relational behavior indicates the extent to which negotiators express their emphasis on the on-going and future relationship (Ramirez-Marin & Brett, 2011). Frequent use of distributive arguments can substantially undermine a negotiators' and willingness efforts in building relationships, as s/he would be less interested in relational goals with a high level of aspiration.

H6c: Negotiators with higher aspirations are less likely to be engaged in relational behavior in ongoing interactions.

There is also a negative connection between aspirations and complementary remarks. The reasoning is as follows. Complementary remarks represent negotiators' willingness to provide background information and confirm opponents' statement. A higher economic

expectation may hinder their willingness to provide such information as they may find it economically risky to reveal additional information (Kimmel et al., 1980). As negotiators spend more time on persuasion, they are less likely to focus on understanding each other's statements and clarifying opinions. Thus higher aspirations can decrease the proportion of complementary remarks in negotiations as well.

H6d: Negotiators with higher aspirations are less likely to be engaged in complementary remarks in ongoing interactions.

7.2.3 On-going interaction-negotiation outcomes

Prior experimental studies have provided inadequate evidence on how negotiator behavior changes their subjective outcomes, as measurement of subjective negotiation outcomes has received much less attention compared with objective outcomes (e.g., self-gain or joint gain) (Curhan et al., 2006). To fill this gap, the following discussion will take the subjective outcomes as dependent variables, and analyze how they are affected by different negotiation behaviors. As negotiation communication is an interactive process, negotiators' perception is interdependent on and influenced by each other's behavior within a dyad (Turel, 2010). The arguments are thus developed at the dyadic level. That is, the behavior- subject outcome associations are based on how the observed frequency of certain negotiation behavior, within a dyad, influences the subjective outcomes reported from this dyad.

Subjective outcomes are theoretically grounded on social perception (Thompson, 1990). This study considers two types of subject outcomes, including outcome perception (perception of self-gain) and relational capital (perception of relationship)⁷. Negotiators' "perception process is constructive and selective" (Thompson, 1990: 518), and is shaped by the information content and how the information is presented to them. Different negotiation behaviors convey different verbal contents, and are often delivered in various manners. For example, negotiators defend his/her own interest with a strong stance when using distributive communications, but they often exhibit a willingness to build rapport when resorting to relational behavior. These differences among negotiation behaviors can substantially lead to varied subjective evaluation of self-gain and relationship.

⁷ The definition of these two subject outcomes can be found in the section of *Negotiation Outcomes* in Chapter 4.

Frequent use of distributive communications would undermine the cooperative ambience and foster competitiveness between negotiation parties. Negotiators may tend to think they need persuasion and contention to win their share of economic gain. Thus they are likely to possess a negative feeling toward the final agreement. Within a dyad, the one who gains the relatively smaller share of joint outcome tends to be unsatisfied (Huffmeier, Freund, Zerres, Backhaus, & Hertel, 2011). But the one who obtains the relatively greater share of joint outcome is not necessarily satisfied because s/he may think s/he could have obtained more benefits by being more competitive. Thus a higher dyadic level of distributive communications will result in less dyadic satisfaction toward the economic outcome.

H7a: Negotiation dyads with higher level of distributive communications in ongoing interactions tend to have a lower outcome perception.

Integrative communication has been found to reinforce the other party's satisfaction of agreement and promote economic gain for both parties (Graham, 1986; Graham et al., 1994). It is basically a behavioral tactic to help both parties solve common problems and realize win-win solutions. As negotiators explore more benefits using integrative communications, they are expected to be more satisfied with the final agreement, and evaluate their economic gain in a more favorable way. Thus if there is a higher level of integrative communication in a dyad, negotiators' outcome perception would be subsequently higher within this dyad.

H7b: Negotiation dyads with a higher level of integrative communications in ongoing interactions tend to have a higher outcome perception.

Using complementary remarks allows the other party in a dyad to better understand the negotiation task, thus facilitating the information exchange process. Negotiators also employ complementary remarks to clarify vague points and avoid misjudgment. As a result, they would be more likely to gain consensus on critical matters, and be more satisfied with the final arrangement of outcome distribution. In this regard complementary remarks also lead to higher outcome perception.

H7c: Negotiation dyads with higher level of complementary remarks in ongoing interactions tend to have a higher outcome perception.

As communication proceeds, the relationship between negotiating parties is changing as well. As shown in study 1, the quality of information exchange strengthens negotiators' relational capital. This study advances this argument and further hypothesizes that negotiators' perceived relational capital can be shaped by what and how negotiators communicate, which is indicated by different negotiation behaviors.

The use of distributive communications reflects a concern for self-interest, foreboding a win-lose situation which undermines the accumulation of relationship capital. A meta-analysis by [Huffmeier et al. \(2011\)](#) concluded that, though hardline strategies help negotiators win more economic gains, they fail to achieve socioemotional goals which include relationship building. Distributive communications are filled with argumentation, extreme offers and minor concessions. Adopting such a behavioral communication style would not only increase the risk of impasses, but also hurt the other party emotionally. Therefore distributive communication generates competitions and tensions in negotiation, leaving negative impacts on negotiators' perception of the relationship.

H8a: Negotiation dyads with higher level of distributive communications in ongoing interactions tend to accumulate a lower relational capital.

Integrative communications represent a problem-solving approach to negotiation tasks ([Graham et al., 1994](#)). [Curhan et al. \(2010\)](#) reported that, the positive perception toward each other in a negotiation dyad enhances the use of integrative communications. But there is no extant study investigating whether integrative communications have relational consequences in negotiations. This study takes the initiative to argue that integrative communication can increase the perceived satisfaction towards each other in turn. The use of integrative communications represents a genuine concern for the common negotiation problems. The more integrative communications used, the more tradeoffs made and priority information shared. This is a mutually beneficial process which enhances the expectation of a win-win solution, and raises interests in future cooperation, thus increasing the satisfaction toward bilateral relationships.

H8b: Negotiation dyads with a higher level of integrative communications in ongoing interactions tend to accumulate a higher relational capital.

When negotiators emphasize mutual relationships, express favorable comments, or show willingness for future interactions, they are exhibiting an explicit intention of building long-term relationships. Though there is a scarcity of research on relational behavior in negotiations, one study has implied the relational consequences of using relational behavior. [Wieseke, Alavi, and Habel \(2014\)](#) uncovered that relational behavior mitigates customer intention to obtain a discount, as their emotional needs are fulfilled by salespersons' efforts to build personal relationships. Relational behavior thus serves to promote the perception of relationship for both parties.

H8c: Negotiation dyads with a higher level of relational behavior in ongoing interactions tend to accumulate a higher relational capital.

When negotiators engage in complementary remarks, they are sharing background information and avoiding misunderstandings by confirming others' statements. Proper information disclosure can also produce a cooperative and friendly ambience in negotiations, thus promoting the perception of relationship. [Paese and Gilin \(2000\)](#) found that the act of sharing private information by one party can elicit the other party's willingness to disclose their information in reciprocity. Hence truthful information sharing creates a positive information sharing circle between negotiation parties, which increases mutual trust and satisfaction, leading to a strengthened relational capital.

H8d: Negotiation dyads with higher level of complementary remarks in ongoing interactions are more likely to accumulate a higher relational capital.

7.2.4 Feedback effects across sessions

This section discusses the feedback effects regarding how negotiation outcomes of prior sessions drive the psychological initial conditions of negotiators in the current session. In multi-session negotiations, negotiators have a continuous expectation of future interactions. Negotiators thus can adjust their aspiration levels across different sessions. This is due to a learning effect occurring over time in multi-session negotiations. As negotiating parties learn from their prior negotiation relationships, they reach new

contracts more effectively (e.g., more contractual details), and more efficiently (e.g., reduced negotiation time) (Ariño et al., 2014). However, whether learning from prior relational experience leads to a higher or lower economic expectation in future negotiations is unknown.

Previous research has reported that relational capital accumulated from prior interactions inhibits negotiators' aspirations. Compared with stranger dyads, negotiating dyads composed of dating couples have lower aspirations and achieve less joint outcomes (Fry, Firestone, & Williams, 1983). More recently, Curhan et al. (2008) found that negotiating dyads with high RSC will achieve substantial relational capital yet lower joint economic outcome. These results implicate that high-relational negotiating parties would strive to maintain their relationships, without awareness of the potential joint benefits being sacrificed.

H9: Negotiators' aspirations in the current session are negatively affected by their relational capital accumulated at the prior session.

As discussed earlier, the two dimensions of negotiators' relational commitment are distinctively associated with negotiators' relational orientation. The instrumental relational commitment represents how necessary negotiators feel for them to maintain the bilateral business relationship regarding termination cost (Geyskens et al., 1996). To formulate an instrumental evaluation of relationship, negotiators can refer to the economic gain from prior sessions to decide future relationship maintenance. Thus if the current economic outcome satisfies the negotiator, the benefit of staying with the same partner will outweigh the cost associated with terminating the existing relationship and shifting to a new partner. Therefore, the outcome perception of the current session can increase negotiators' instrumental relational commitment.

H10: Negotiators' instrumental relational commitment to the current session is positively affected by their perception of self-profit in the prior session.

Relational capital accumulated in prior interactions can be linked with future affective relational commitment. The accumulated relational capital represents existing trust and good will (Curhan et al., 2008). When negotiators carry this on-going negotiation

relationship into the next session, they are supposed to use the past history to predict the future interactions (O'Connor, Arnold, & Burris, 2005). Based on a smooth interaction experience in prior sessions, a relationally satisfied negotiator tends to expect the future interaction with the same counterpart as cooperative and friendly, which fosters a pleasant mood toward relationship maintenance. Negotiators will thus become more affectively committed to their upcoming negotiation relationships.

H11a: Negotiators' affective relational commitment to the current session are positively affected by their relational capital accumulated in the prior session.

Research has evidenced that higher economic gains from prior negotiations will increase the actual joint gains in subsequent sessions (O'Connor et al., 2005). If negotiators are satisfied with their economic gains from the agreement, they would be more willing to attend the negotiation in the future (O'Connor & Arnold, 2001). This is not only because they perceive an acceptable gain out of the current negotiation session, but because they consider the agreement as mutually beneficial and fair as well. Consequently negotiators possess a higher level of affective relational commitment at the initial stage of the next session.

H11b: Negotiators' affective relational commitment to the current session is positively affected by their outcome perception at the end of the prior session.

7.2.5 The moderating role of cultural context

Hofstede (2001) defined culture as “the collective programming of the mind that distinguishes the members of one group or category of people from another” (9). In international business negotiations, the different programming of human minds results in behavioral gaps between negotiating parties (Reynolds, Simintiras, & Vlachou, 2003). Prior negotiation research has found that findings drawn from one cultural group may not apply to other cultural groups (Graham et al., 1994). Likewise, the strength and even direction of main effects in negotiations could vary between high- and low-relational cultures.

For example, the RSC-aspirations association hypothesized in H5 can be different when cultural context changes. An important research stream, as discussed earlier, has mainly

supported the negative association between relational orientation and economic consequences. However, an alternative perspective is based on the observed co-existence of relational and economic goals in high-relational cultures. [Hwang \(1987\)](#) proposed the mixed nature of Chinese perception of relationship (guanxi), which features the presence of a mixed-tie guanxi when people perceive their relationships with both social-affective and instrumental considerations ([Chen & Peng, 2008](#)). As demonstrated in study 1, negotiators' relational orientation can promote both their affective and instrumental relational commitment. In this regard, negotiators' relational pursuit facilitates their economic expectations. A negotiator with higher RSC is likely to positively view future interaction as a cooperative process, which generates higher economic gain ([Ben-Yoav & Pruitt, 1984](#)). Through this alternative line of argument, it can be proposed that the negative effect of RSC on negotiators' aspirations would be much reduced for negotiators from high-relational cultures.

Cultural context may also moderate the feedback effects across sessions. In line with the above arguments, research on the multiple components of relationship supported the existence of an instrumental aspect in social relationships ([Chen & Peng, 2008](#)). Negotiators experiencing smooth prior interactions would show a stronger desire to negotiate again and indeed reap more economic outcomes ([Curhan et al., 2010](#); [O'Connor et al., 2005](#)). With a satisfactory existing relationship, negotiators would expect a cooperative future interaction along with a higher expectation of economic gain for negotiators. This is especially the case for negotiators coming from a high-relational culture, as they are more likely to accept a positive link between relationality and instrumentality ([Hwang, 1987](#)). To sum up, the negative feedback effect of prior relational capital on current aspirations, as hypothesized in H9, will be weaker for negotiators with high- (as opposed to) low-relational cultural background.

Low-relational negotiators are generally considered to prioritize tasks over interpersonal relationships, whereas high-relational negotiators value personal and reciprocal relationships ([Batonda & Perry, 2003](#)). For those negotiators that have already accumulated substantial relational capital in low-relational cultures, they are expected to be more sensitive to the relational aspects in negotiations and thus may possess a higher affective relational commitment in the following sessions compared with negotiators from high-relational cultures. It can thus be expected that the feedback effect of relational

capital on affective relational commitment across sessions would be higher in low-relational context.

The extant literature does not provide a full discussion of the moderating effect of culture on relationality in negotiations. This study takes an exploratory stance to systematically assess whether HLRC serves to moderate all the main effects (H5-H11b) proposed in early discussions.

Figure 3 presents the theoretical models that summarizes the hypotheses proposed in study 2:

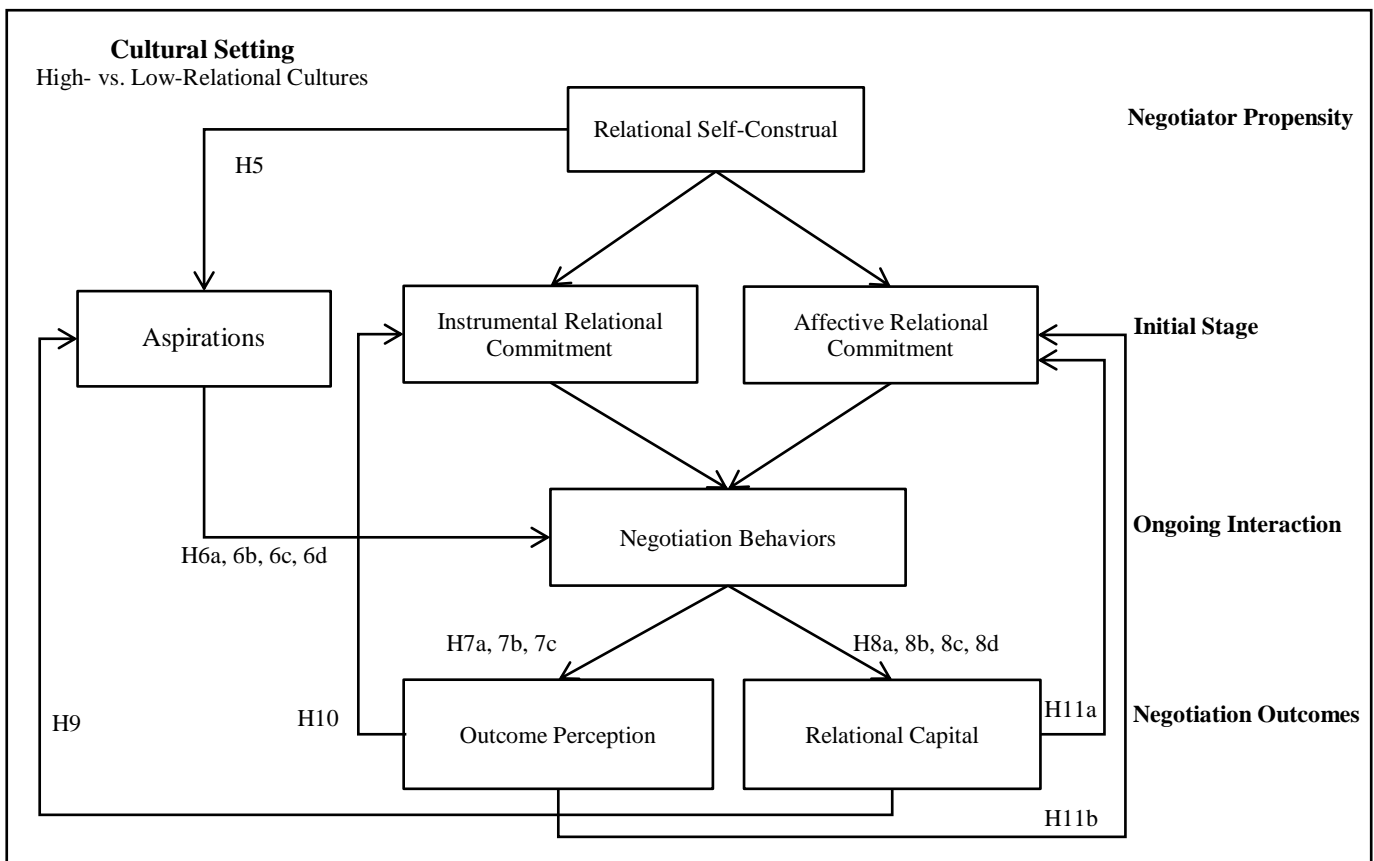


Figure 3 Theoretical Model for Study 2

7.3 Method

Since study 2 and study 3 adopt exactly the same approach to data collection, the following sections will present the overall sample description, data collection procedure, measurement approach and scale test on the basis of all data collected for study 2 and 3.

7.3.1 Sample

82 participants were recruited from an Australian university. Recruitment was conducted through several channels including online advertisement, posters, and in-class presentation. All the participants were fluent in English. Since the cultural difference among negotiation dyads is the main experimental treatment, the identification of participants' cultural background becomes crucial for further analysis. Literature on acculturation has suggested that, immigrants may not necessarily adopt the values, beliefs and practices of their receiving cultures by completely discarding those of their homelands (Schwartz, Unger, Zamboanga, & Szapocznik, 2010). An immigrant can retain the heritage culture while embracing the receiving culture at the same time (i.e., biculturalism) (Berry, 1980, 2005). For the purpose of accurately describing one's cultural identity, this research used a trichotomy to categorize participants' cultural background before they were paired. The experimenter asked the participant how many years they had been living in Australia. The 41 participants who reported less than 4 years were identified as from their heritage culture (40 from high-relational culture countries and one from Germany), and another 36 participants who reported more than 7 years were culturally identified as Australians. For the remaining 5 participants who had lived in Australia for 4 to 7 years, they might develop a new cultural identity or maintain their previous identity, or both. Thus their cultural backgrounds were determined by eliciting their self-reported cultural identity. That is, the experimenter explicitly asked these participants with which cultural group they identify themselves. One of these five individuals was classified as from the country of birth (China), while the other four were culturally identified as Australians. Following this procedure, 41 students with a cultural background of Australia or Europe were identified as low-relational, while the other 41 coming from East Asia (21 from Mainland China, Hong Kong, South Korea or Vietnam) or South Asia (20 from India, Pakistan, Bangladesh or Malaysia) were identified as high-relational. The overall participants had an average age of 22.48 years and an average work experience of 3.30 years (including both part-time and full-time employment). Table 9 demonstrates the descriptive split between male and female by different cultural groups (inter- vs. intracultural groups, and high- vs. low-relational cultural groups), along with other descriptive statistics.

Table 9 Overall Sample Description for Study 2 and 3

	Cultural Context								Total	
	Intracultural				Subtotal (Intracultural)	Intercultural				
	High-relational	Low-relational	High vs. Low							
Male	10	12.20%	14	17.07%	24	29.27%	18	21.95%	42	51.22%
Female	12	14.63%	8	9.76%	20	24.39%	20	24.39%	40	48.78%
Total (individual)	22	26.83%	22	26.83%	44	53.66%	38	46.34%	82	100%
Total (dyad)	11		11		22		19		41	
Average Age	22.64		20.68		21.66		23.42		22.48	
Average Work Exp. (Years)	1.65		3.80		2.72		3.96		3.30	

For both intracultural and intercultural context, the final sample size consisted of 82 (41 dyads) college students, including 22 participants (11 dyads) in low-relational intracultural context, 22 participants (11 dyads) in high-relational intracultural context and 38 participants (19 dyads) in high- vs. low-relational intercultural context. Prior studies using behavioral experimentation have adopted similar sample sizes per treatment. The study of Ribbink and Grimm (2014) contained 78 negotiators with 16 dyads and 23 dyads in each experimental condition. The study of [Thomas et al. \(2013\)](#) included 78 negotiators, with 13 individual negotiators in each of the 6 experimental conditions. It should be noted that some hypotheses were tested at the individual level while hypotheses concerning joint outcome were tested at the dyadic level. Therefore, the sample size per treatment cell is acceptable for this research, whether at individual level or dyadic level.

7.3.2 Procedure

Students of the same gender were paired into either intracultural or intercultural dyads based on their cultural background. This same-gender pairing was adopted to control the potential effect of gender difference within dyads. Each pair of negotiators was assigned 75 minutes to complete a one-on-one 2-session negotiation simulation. After entering into the laboratory, participants were asked to read the instructions pertaining to the behavioral simulation. Then they were asked to answer self-assessment questions regarding their demographic information and self-construals (RSC, ISC and CSC). Prior to the first negotiation session, the experimenter asked participants to have a 5-minute talk with each other including self-introduction, so as to get familiar with negotiating counterparts before negotiation interaction. Then they were reminded to have a two-session

negotiation with their counterparts, and to keep the structure of the payoff list confidential to each other during both sessions. They were also told that their conversations during negotiations would be recorded. In order to motivate students to engage themselves in the research and create a realistic negotiation context, each participant was rewarded \$30 AUD for their participation, plus another \$0-30 AUD variable incentives based on their negotiation performance out of the two negotiation sessions. In other words, each participant had a maximum of \$15 AUD reward for each negotiation session in addition to their base payment. Thus their economic gain in the negotiation simulation was associated with their monetary income in real life.

The two negotiation tasks were set in an inter-firm business context. Each participant was assigned a role of either purchasing manager from XBuy company or sales manager from YSell company. In the first session, participants were given 5 minutes to apprehend the negotiation task before they start. Then they negotiated the buying/selling of desktop computers over three issues: warranty (from 2 months to 18 months), price (starting from AUD 1200 to maximum AUD 2,000) and configurations (from standard 1 as the lowest configuration to premium 3 as the highest) (see Appendix II). As illustrated in the payoff matrix, the simulation structure in session 1 was similar to the one employed in study 1. One issue (price) was distributive between them while the other two combined (warranty and configuration) had integrative potentials for participants to make beneficial agreements through information sharing and trade-offs. The theoretical range of joint outcome (points) was from 56 (e.g., a solution of IEA) to a maximum 104 (e.g., a solution of AEI), which could be achieved by making a total compromise between warranty and configuration. The range of self-economic gain was from 0 to 80 for either buyer or seller. Negotiators had to reach agreement within the 20-minute time limit in the first session. If time was up and no agreement had been reached for any of the issues assigned to them, a zero point would be provided for both parties. Otherwise the dyadic negotiation performance was calculated by summing up the individual gains of both buyer and seller on those issues they have agreed on. All dyads achieved agreement in the first session. After the first negotiation task, participants answered questionnaire items related to their perception of relational capital and self-profit out of session 1. Following the completion of session 1, participants were given 10 minutes on their own to reflect on their prior session and plan their strategy for session 2.

In the second session, participants retained the same role and proceeded on another negotiation task. Likewise, they were given 5 minutes to read the negotiation task description. Then they were asked to answer the survey questions pertaining to relational commitment and aspiration level for the upcoming session. In this session, the experimenter told the participants that 6 months had elapsed. Session 1 had become history and session 2 became the current negotiation session. They were about to negotiate again for the buying/selling of an enterprise management software over three issues: price per user (from AUD 2000 to AUD 3600), percentage of customized functions (from 60% to 100%), and date of payment (from immediately to within 8 months). There was a change of preferences in the second task, but there remained two integrative issues (price and customized functions) and one distributive issue (date of payment). The theoretical range of joint outcome (points) was from 48 (e.g., a solution of IAE) to a maximum 112 (e.g., a solution of AIE), which could be achieved by making a total compromise between price and customized functions. The range of self-economic gain was the same with that of session 1 (0 - 80) for either buyer or seller. Negotiators also had to reach agreements within the 20-minute time limit in the second session. At the end of session 2, 38 dyads had reached agreements, while 3 dyads did not reach agreement on all issues (1 low-relational intracultural dyad, and 2 cross-cultural dyads). These 3 dyads were retained in the scale test but were removed from further correlation and regression analysis, to avoid influences by extreme observations on economic gains. After the second negotiation task, participants answered questionnaire items on relational capital and their perception of self-profit from session 2.

7.3.3 Measures

Participants rated all the items based on a 7-point Likert scale (1= strongly disagree, 7=strongly agree). Each participant completed a pre-negotiation questionnaire containing questions about their RSC and aspiration levels. RSC was used as a generic relational propensity variable representing negotiators' relational orientation in this study. It was measured using the Levels of Self-Concept Scale (LSCS: Johnson, Selenta, & Lord, 2006). Participants' individual self-construal (ISC) and collective self-construal (CSC) were also captured using this scale to explore additional findings. In line with Johnson et al. (2006), the first subscale pertaining to each level of self-construal was used, because it was "most indicative of their respective self-concept level" (180).

I measured affective relational commitment before the negotiation session 2 with a 4-item scale. In addition to the 3 items used in study 1, one item was added to accurately identify affective relational commitment, which was “It is pleasant negotiating with my partner, and that’s why I continue negotiating with my partner”. Instrumental relational commitment used the same 2-item scale as in study 1.

Aspiration was measured as a continuous, unidimensional construct rather than a manipulated dichotomous variable through goal-setting. Before each negotiation session, subjects were asked how many points they would expect to earn from the upcoming negotiation session (Hamner & Harnett, 1975; Patton & Balakrishnan, 2010). Their expected points were used as the indicator of their aspirations.

This research used negotiators’ verbal behaviors to replicate the communication process within negotiation dyads in addition to negotiators’ perceived quality of information exchange. Negotiators’ negotiation conversation was audio-recorded, transcribed, and coded into 4 main verbal behaviors and further into 11 subcategories. Appendix VI lists all the behavioral categories and subcategories with examples of verbal statement. In particular, a relational behavior refers to either remarks emphasizing relationship or positive remarks. Integrative communications include statements on multiple issues, expressions of priority information and compromising or acceptance. Distributive communications represent statements on a single issue, persuasion arguments and negative remarks. Complementary remarks refer to statements providing background information related to negotiation task and confirming the statements of the other party. The remaining verbal statements were coded as information segments. They were primarily verbal segments irrelevant to negotiation tasks and not in the research scope. The following section will discuss the detailed coding steps. Coding from transcription was conducted using the software Nvivo 10.

Relational capital was measured by combining the 8 items discussed in the pilot study. The perception of self-profit used 3 items, including 2 items from the subscale “Feelings about the Instrumental Outcome” developed by Curhan et al. (2006) and one additional item: “How satisfied are you with your own outcome” (see Appendix V). The points gained by each party, which were directly linked to their participation rewards, represented their self-profit. The points of each dyad represented their joint outcome.

Dyadic cultural difference was coded with a dummy variable. 0 represents low-relational dyads, whereas 1 represents high-relational dyads.

This study operationalized the communication process by coding negotiators' verbal behaviors. For the purpose of replicating and extending the result of study 1, I also did an additional measurement of negotiators' perceived quality of information exchange at the end of negotiation session, using self-report items as in study 1.

7.3.4 Content analysis of negotiation conversations

This research used content analytical approach to operationalize the negotiation communication process. Content analysis is an appropriate research tool to analyze negotiation conversation (Harris, 1996). Researchers have called for the use of this technique to accurately capture negotiators' interaction process (Graham et al., 1994). Content analysis can replicate behavioral characteristics of the negotiation communication content and make them ready for quantitative analysis (Pesendorfer & Koeszegi, 2007).

There were several steps using this technique. First, the audio-taped negotiation conversations of all 41 dyads were transcribed for both sessions. As this study set session 2 as the current session, only negotiation conversation in session 2 was relevant to data analysis and thus analyzed. The transcript of the second session for all dyads was used for further processing, which contained 62686 words, 3839 speaking turns, and a recording duration of 32003 minutes. The speaking turn was consecutively numbered as each negotiator spoke in turn. Second, the transcript was further divided into 4137 basic analysis units (i.e., thought units). Thought unit typically contains one thought conveyed by a negotiator with at least one subject-verb-object set (Weingart, Brett, Olekalns, & Smith, 2007). One or more thought units were coded within a speaking turn of either a buyer or a seller. Third, according to the primary research questions and hypotheses pertaining to verbal communication, I developed a coding scheme by referring to the existing categories of negotiation behaviors used in prior studies (Olekalns & Smith, 2003; Pesendorfer & Koeszegi, 2007; Schei, Rognes, & Shapiro, 2010; Weingart et al., 2007). Four main behavioral categories with 11 subcategories were established (see appendix VI). Fourth, each thought unit was coded by being unequivocally assigned to a behavioral subcategory based on the delineation of these verbal behaviors in the coding scheme. As

some thought units may be categorized into multiple categories, I used the following dominance scheme for classification: relational behavior > integrative communication > distributive communication > complementary remarks. This dominance scheme prioritizes the relationality in negotiation, and emphasized the integrative over distributive behavior in a mixed-motive negotiation (Weingart et al., 2007). The frequency of any main category was calculated by adding up the overserved frequencies of all the respective subcategories under that main category. As a result, these thought units were coded into 350 (8.46%) relational behavior units, 891 (21.54%) integrative communication units, 1868 (45.15%) distributive communication units, and 948 (22.92%) complementary remarks units. The remaining 80 (1.93) thoughts units were coded as irrelevant information segments.

Table 10 depicts the distribution of these thought units among categories and between buyer and seller across 41 groups. Distributive communication includes the largest amount of observations among other main categories (45.15%), with persuasive argumentation being the most frequently observed subcategory (23.95%). The overall distributions of thought units are slightly different between the role of buyer and seller with a marginal significance (Pearson $\chi^2 = 7.39$, $df = 3$, $p = 0.06 < 0.1$). In particular, buyers (vs. sellers) demonstrated slightly more relational behavior with a marginal significance (Pearson $\chi^2 = 3.01$, $df = 1$, $p = 0.08 < 0.1$), significantly less integrative communications (Pearson $\chi^2 = 4.26$, $df = 1$, $p < 0.05$), and a statistically equal amount of distributive communications (Pearson $\chi^2 = 1.74$, $df = 1$, $n. s.$) as well as complementary remarks (Pearson $\chi^2 = 0.44$, $df = 1$, $n. s.$).

Table 10 Descriptive Statistics of Negotiation Verbal Behaviors for Study 2 and 3

Behavioral Categories	Total		Buyer		Seller	
	Frequency	Proportion	Frequency	Proportion	Frequency	Proportion
<i>Relational Behavior</i>	350	8.46%	192	4.64%	158	3.82%
Positive Remarks	260	6.28%	143	3.46%	117	2.83%
Relational Emphasis	90	2.18%	49	1.18%	41	0.99%
<i>Integrative Communication</i>	891	21.54%	422	10.20%	469	11.34%
Accept/Compromise	156	3.77%	75	1.81%	81	1.96%
Multi-issue Statement	395	9.55%	167	4.04%	228	5.51%
Priority Information	340	8.22%	180	4.35%	160	3.87%
<i>Distributive Communication</i>	1868	45.15%	963	23.28%	905	21.88%
Negative Remarks	388	9.38%	216	5.22%	172	4.16%
Persuasive Argumentation	991	23.95%	466	11.26%	525	12.69%
Single-issue Statement	489	11.82%	281	6.79%	208	5.03%
<i>Complementary Remarks</i>	948	22.92%	469	12.30%	479	11.58%
Affirmative Information	813	19.65%	394	9.52%	419	10.13%
Background Information	135	3.26%	75	1.81%	60	1.45%
<i>Irrelevant Segments</i>	80	1.93%	40	0.97%	40	0.97%
<i>Thought Units (Total)</i>	4137	100%	2086	50.42%	2051	49.58%

Note: $n = 82$ negotiation participants for all categories.

We used a relative frequency to operationalize each negotiation behavior. It was realized by dividing the absolute observations of each behavior by the total number of behaviors (i.e., thought units) used by that negotiator (Weingart et al., 2007). This approach controls the variances brought by individual verbosity. To improve the normal distribution of the proportions generated by this approach, the data were then square root transformed (Schei et al., 2010). Although some other prior studies log transformed the proportion numbers with different equations (Adair et al., 2001; Weingart et al., 2007), this research found that square root transformation generated a better result in terms of data distribution.

7.3.5 Scale test

All self-reported factors were tested for reliability using Cronbach's Alpha. The results are reported in Table 11. The data suggested that the reliability of these scales were sufficient for further analysis. All scales demonstrated a reliability coefficient greater than the 0.55 lower bound threshold which was suggested by Van de Ven and Ferry (1980) for a moderately broad construct. Most scales had a high reliability coefficient greater than 0.7 (Cronbach, 1951). The Cronbach's Alpha for the scale of instrumental relational

commitment is 0.61, which was deemed an acceptable alpha value for new scales (Flynn et al., 1994). Shapiro-Wilk normality tests showed that the transformed data were normally distributed.

Table 11 Scale Reliability for Study 2 and 3

Scales and Items	Cronbach's Alpha
RSC	0.78
ISC	0.68
CSC	0.76
Relational Capital (Session 1)	0.88
Perception of self-profit (Session 1)	0.81
Instrumental relational commitment	0.61
Affective relational commitment	0.78
Information exchange quality	0.81
Relational Capital (Session 2)	0.89
Perception of self-profit (Session 2)	0.71

Note: $n = 82$ negotiation participants.

To assess the convergent validity and unidimensionality of the measurement model for additional constructs used in both study 2 and study 3, CFA was conducted using SEM with LISREL for the scales of RSC, ISC, CSC and perception of self profit. Item loadings and fit indices are shown in Table 12. Items generating low standardized loadings (≤ 0.40) were removed from the measurement model, including 1 item for ISC (“I often compete with my friends”, loading = 0.38) and 1 item for CSC (“Concern about the group as a whole”, loading = 0.40). After the removal of these items, the reliability coefficient of ISC scale increased to 0.70, and that of CSC scale increased to 0.78. All remaining factor loadings in Table 6 were significant ($p < 0.001$). For these additional scales, CFA revealed that the model fit the data quite well ($\chi^2 = 111.10$, $df = 98$, $\chi^2/df = 1.134 < 3$, RMSEA = 0.041, SRMR = 0.085 < 0.1, CFI = 0.95, IFI = 0.96, NNFI = 0.94) (Maccallum et al., 1996). The 90% confidence interval of RMSEA incorporated the value of 0.05. And all the CR values for these constructs are greater than 0.70.

To determine discriminant validity, we calculated the square root of AVEs for each self-reported construct. The square root of AVE for these constructs is greater than correlation with other constructs, thus demonstrating satisfactory discriminant validity of the measurement model (Fornell & Larcker, 1981).

Table 12 CFA and Test of Model Fit for Study 2 and 3

Factors and Items	Estimated Loadings	Standardized Loadings
RSC (CR=0.79)		
<i>Help a friend</i>	0.73	0.59
<i>Value friends</i>	0.83	0.73
<i>Uphold my commitments</i>	0.57	0.60
<i>Caring deeply</i>	0.89	0.79
<i>Worthwhile person</i>	0.71	0.57
ISC (CR=0.71)		
<i>Thrive on opportunities</i>	0.92	0.74
<i>Stand in comparison to my coworkers</i>	0.71	0.57
<i>Perform better</i>	0.98	0.68
<i>Better or worse off than other people</i>	0.70	0.45
CSC (CR=0.78)		
<i>Making a lasting contribution</i>	0.78	0.69
<i>Do best in a group project</i>	0.71	0.71
<i>Feel great pride</i>	0.80	0.70
<i>Represent an organization</i>	0.84	0.66
Perception of Self-profit – Session 1 (CR=0.83)		
<i>Satisfied with my outcome</i>	1.27	0.84
<i>Agreement benefited me</i>	1.19	0.90
<i>I was forfeited or lose (reverse)</i>	1.06	0.61

Note: $n = 82$ negotiation participants.

7.4 Results

This section discusses results of data analysis for the sample of participants who reached agreement on all issues in an intracultural context (high- and low-relational cultural context, $n = 42$). An overview of average values, standard deviations, and correlations among different variables is presented in Table 13. Overall, negotiators raised their outcome expectation across two sessions from an average of 44.43 to 48.24, while their actual self-gain also increased from an average of 42.02 to 45.24 (paired-samples T-test, $n = 42$, $p < 0.10$). Since the average joint outcome is twice the average individual outcome, the outcome of negotiator dyads also increases on average, demonstrating that negotiators are able to learn from prior negotiation tasks. They adjusted expectations and also performed better, as if they had been “trained” from practical negotiations (Zerres et al., 2013). Further analysis showed that low- relational negotiators seem to adjust more, and learn much better from prior negotiation experiences than high-relational negotiators. High-relational negotiators raised their expectation moderately with 3.32 points on average (from 45.95 to 49.27, paired-samples T-test, $n = 22$, $n. s.$), whereas they only

gained slightly more across sessions (from 40.45 to 40.90, paired-samples T-test, $n = 22$, $n. s.$). On the contrary, low-relational negotiators raised their expectation considerably with 4.35 points on average (from 42.75 to 47.10, paired-samples T-test, $n = 20$, $p < 0.10$), and also achieved a substantial progress and obtained much more profit at session 2 (from 43.75 to 50.00, paired-samples T-test, $n = 20$, $p < 0.05$).

Gender, age and work experience were included in the correlation analysis as control variables. Besides, the study controlled for negotiators' RSC in all hypotheses testing (except when it was used as an IV to test H5), as RSC reflects a relational orientation which is likely to affect the negotiation processes and outcomes. Gender was coded as dummy variable with male = 1 and female = 0. The following variables were standardized to reduce multicollinearity: age, work experience, aspirations, and self-gain. Age did not have any significant correlation with any other variables except work experience. Work experience only slightly correlated with integrative behavior with a marginal significance. Gender was found to have a significant positive association with integrative communications and negative association with distributive communications. Therefore gender may considerably affect the other variables and thus was added into the regression models as a control variable in hypotheses testing.

In addition, distributive communication was negatively correlated with all the other three negotiation behaviors (integrative communications, relational behavior, and complementary remarks), confirming the prior argument in theoretical section that the proportional increase of distributive communication will lead to a decrease of other behaviors. Meanwhile, the correlations among the other three negotiation behaviors was non-significant, indicating that relational behavior, integrative communications, and complementary remarks are independent from each other, each reflecting a different aspect of negotiator communication.

Hypotheses were tested using multiple hierarchical regressions in SPSS, as shown in Table 14 and Table 15. In all cases relevant statistics showed that multicollinearity was not a problem ($VIF < 3.33$, condition index < 30) ([Diamantopoulos & Sigauw, 2006](#); [Velleman & Welsch, 1981](#)). The cross-session relationships (feedback effects) involve independent variables in session 1 and dependent variables in session 2. Some hypotheses were tested on the individual level, including H5, H6a, H6b, H6c, H6d, H9,

H10, H11a, H11b ($n = 42$, Table 14). Two groups of hypothesis were tested on the dyadic level including H7a, H7b, H7c, H8a H8b, H8c, and H8d ($n = 21$, Table 15). HLRC was added into the equation to form interaction terms in order to comprehensively test whether culture serves as a moderator for each main effect.

Table 13 Correlation Table of Variables in Study 2

Variables	Mean	s. d.	Gender	Age	Work Exp.	RSC	Aspiration-S1	Self-gain-S1	Rel. Capital-S1	Outcome Percept.-S1	Aspiration-S2	IRC-S2	ARC-S2	Rel. Behavior-S2	Int. Comm.-S2	Distr. Comm.-S2	Compl. Remarks-S2	Self-gain-S2	Info. Exch. Quality-S2	Rel. Capital-S2
Gender	0.57	0.50																		
Age	21.62	3.41	-0.07																	
Work Exp.	2.54	3.03	0.00	0.35*																
RSC	5.98	0.74	-0.12	0.06	0.07															
Aspiration-S1	44.43	9.37	-0.27†	0.14	0.16	0.11														
Self-gain-S1	42.02	8.50	0.20	-0.19	0.00	-0.18	-0.19													
Rel. Capital-S1	5.36	1.11	-0.02	-0.04	0.07	0.24	0.18	-0.08												
Outcome Percept.-S1	4.90	1.40	0.23	-0.09	-0.02	0.14	0.04	0.29†	0.70***											
Aspiration-S2	48.24	10.17	-0.20	0.07	0.25	0.08	0.38*	-0.07	-0.11	-0.02										
IRC	4.73	1.19	-0.12	0.16	0.13	-0.00	0.22	0.05	0.05	-0.08	0.09									
ARC	4.68	1.19	-0.05	-0.11	-0.21	0.26†	0.05	0.01	0.40**	0.33*	-0.04	-0.03								
Rel. Behavior-S2	0.11	0.08	0.20	-0.09	-0.25	0.28†	-0.35	-0.05	0.06	0.33*	-0.27†	-0.37*	0.11							
Int. Comm.-S2	0.23	0.12	0.46**	-0.12	0.27†	0.03	-0.19	0.18	0.23	0.40**	-0.05	0.07	0.06	0.20						
Distr. Comm.-S2	0.39	0.18	-0.33*	0.16	0.08	-0.13	0.30†	-0.19	-0.39*	-0.56***	0.33*	0.14	-0.10	-0.29†	-0.66***					
Compl. Remarks-S2	0.26	0.14	-0.13	-0.03	0.03	0.15	-0.04	-0.00	0.41**	0.26†	-0.29†	-0.01	0.10	-0.20	-0.08	-0.59***				

STUDY 2 - CULTURAL BOUNDARIES OF DYNAMIC RELATIONALITY

Variables	Mean	s. d.	Gender	Age	Work Exp.	RSC	Aspira- tion-S1	Self- gain- S1	Rel. Capital- S1	Outcome Percept. -S1	Aspira- tion-S2	IRC- S2	ARC- S2	Rel. Behavior- S2	Int. Comm.- S2	Distr. Comm.- S2	Compl. Remarks- S2	Self- gain- S2	Info. Exch. Quality- S2	Rel. Capital- S2
Self-gain-S2	45.24	9.21	0.05	-0.06	0.19	-0.17	-0.04	0.15	0.01	-0.03	0.15	0.10	-0.10	0.01	0.24	-0.03	-0.19			
Info. Exch. Quality-S2	5.71	0.89	0.00	-0.11	-0.04	0.22	0.11	0.04	0.77***	0.68***	0.03	-0.09	0.40**	0.16	0.26†	-0.44**	0.36*	0.10		
Rel. Capital-S2	5.40	1.09	0.05	-0.11	-0.07	0.18	0.16	-0.00	0.80***	0.67***	-0.12	-0.08	0.46**	0.26†	0.32*	-0.46**	0.31*	0.06	0.84***	
Outcome Perception-S2	5.08	1.17	0.12	0.11	-0.06	0.19	-0.06	-0.02	0.62***	0.51***	-0.27†	-0.08	0.20	0.35*	0.20	-0.42**	0.37*	0.20	0.54***	0.62***

Note: $n = 42$ intracultural negotiators for all variables. S1 = session 1, S2 = session 2. † $p \leq 0.10$, * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$, two tailed.

Table 14 Individual Level Regression Analysis of Study 2

Dependent Variables	Aspirations-S2		Distributive Communications-S2		Integrative Communications-S2		Relational Behavior-S2		Complementary Remarks-S2		Aspirations-S2		Instrumental Relational Commitment-S2		Affective Relational Commitment-S2			
Hypotheses	H5		H6a		H6b		H6c		H6d		H9		H10		H11a		H11b	
Models	M1	M1m	M2	M2m	M3	M3m	M4	M4m	M5	M5m	M6	M6m	M7	M7m	M8	M8m	M9	M9m
Gender	-0.18	-0.14	-0.24	-0.23	0.44**	0.48**	0.21	0.19	-0.20	-0.24	-0.18	-0.19	-0.12	-0.12	-0.00	-0.01	-0.09	-0.07
HLRC	0.06	0.06	0.21	0.21	-0.19	-0.20	0.12	0.12	-0.12	-0.11	0.05	0.04	-0.03	-0.03	0.10	0.11	0.07	0.08
RSC	0.06	0.16	-0.20	-0.17	0.09	0.20	0.31*	0.26	0.17	0.08	0.09	0.11	-0.00	0.00	0.17	0.12	0.19	0.17
RSC×HLRC		0.40*																
Aspirations-S2			0.27†	0.29†	0.05	0.12	-0.26†	-0.30†	-0.34*	-0.40*								
Aspirations-S2×HLRC				-0.08		-0.29†		0.16		0.24								
Relational Capital-S1											-0.13	-0.17			0.37*	0.44**		
Relational Capital-S1×HLRC												0.16				-0.30*		
Outcome Perception-S1													-0.06	-0.07			0.33*	0.38*
Outcome Perception-S1×HLRC														0.04				-0.21
R ²	0.05	0.19	0.26	0.26	0.25	0.32	0.21	0.23	0.16	0.21	0.06	0.09	0.02	0.02	0.20	0.28	0.17	0.21
F	0.62	2.19†	3.19*	2.55*	3.15*	3.42*	2.42†	2.12†	1.77	1.89	0.61	0.68	0.17	0.15	2.29†	2.82*	1.87	1.88
ΔR ²		0.14		0.01		0.07		0.02		0.05		0.03		0.00		0.08		0.04
ΔF		6.6*		0.25		3.62†		0.93		2.14		0.97		0.06		4.15*		1.75

Note: $n = 42$ intracultural negotiators for all variables. S1: session 1, S2: session 2. † $p \leq 0.10$, * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$, two tailed.

HLRC: high- vs. low-relational cultural context; m: model with moderation analysis.

H5 hypothesizes that RSC negatively affects negotiators' aspirations at the initial stage. As shown in Table 14, the regression result did not support this hypothesis as there was no significance observed for the regression coefficient of RSC (M1). As negotiators' ISC and CSC were also measured with self-reported items, I subjected them to regressions analysis, and found no significant impact on aspirations either. However, HLRC was found to change the saliency of the RSC-aspirations relationship. Moderation analysis found that high- vs. low-relational cultural context moderates the relationship between RSC and aspirations ($\beta = 0.40$, $p < 0.05$, M1m). Hence culture as a moderator is supported for this relationship. Adding the interaction term of $RSC \times HLRC$ improved the explanatory power and the overall significance of the model ($\Delta R^2 = 0.14$, $\Delta F = 6.6$, $p < 0.05$, M1m). Figure 4 plots the interaction between RSC and HLRC on aspirations. As it shows, in the low-relational cultural context, negotiators with higher RSC tend to decrease their aspiration level; in the high-relational cultural context, negotiators with higher RSC tend to set a higher aspiration level. A further simple plot test showed that RSC significantly increases negotiators' aspiration level in the high-relational context ($r = 0.59$, $p < 0.05$), whereas this effect was negative but non-significant in the low-relational context ($r = -0.23$, *n.s.*).

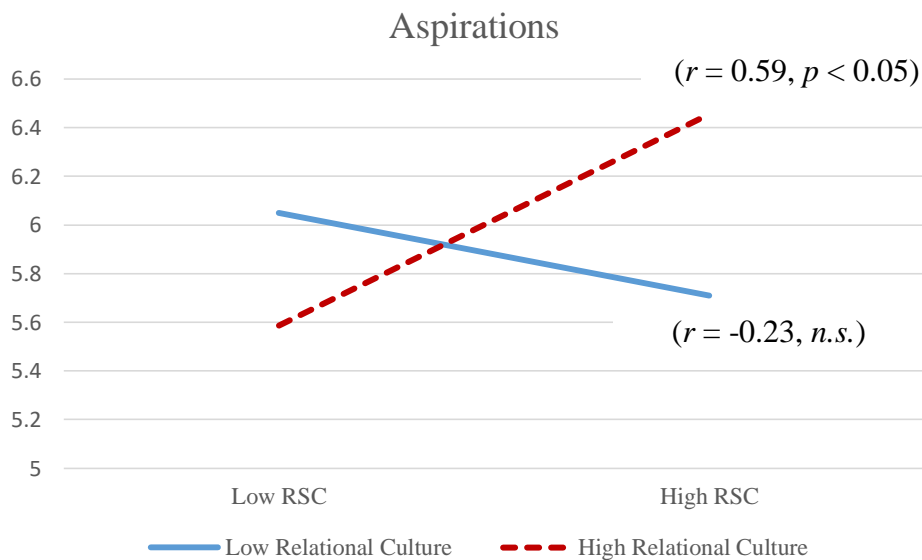


Figure 4 The Moderation Effect of High- vs. Low-Relational Cultural Context on the Relationship between RSC and Aspirations

H6a predicts that higher aspirations result in more distributive communications in negotiation interactions. The regression result partially support this hypothesis with a

marginal significance ($\beta = 0.27$, $p < 0.10$, M2). There was no significance observed for the moderation effect of HLRC on the relationship between aspirations and distributive communications (M2m).

H6b predicts that higher aspirations lead to less integrative communications in negotiation interactions. The regression result did not support this hypothesis (M3). However, HLRC slightly changes the saliency of aspirations-integrative communications relationship with a considerable trend toward significance ($\beta = -0.29$, $p < 0.10$, M3m). Figure 5 plots the interaction between aspirations and HLRC on the relative frequency of integrative communications. As it shows, in the high-relational cultural context, negotiators with higher aspirations tend to engage in less integrative communications; in the low-relational cultural context, negotiators with higher aspirations tend to engage in more integrative communications. Simple plot test confirmed this overall pattern uncovered by the moderation analysis, but the association between aspirations and integrative communications is not significant in either the high-relational context ($r = -0.15$, *n.s.*), or low-relational context ($r = 0.25$, *n.s.*).

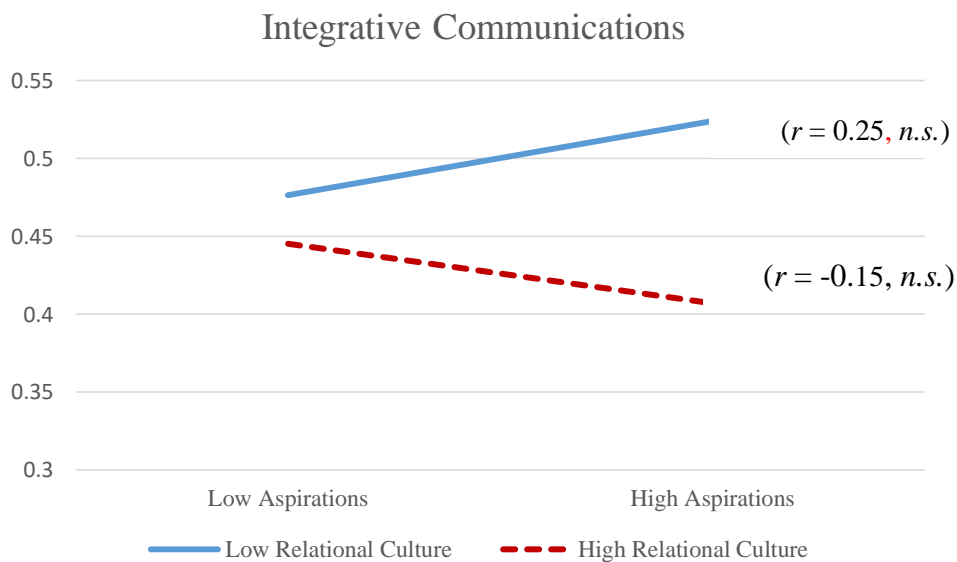


Figure 5 The Moderation Effect of High- vs. Low-Relational Cultural Context on the Relationship between Aspirations and Integrative Communications

H6c predicts that higher aspirations lead to less relational behavior in negotiation interactions. This hypothesis was partially supported by the regression result ($\beta = -0.26$, $p < 0.10$, M4). When the interaction term of Aspirations-S2×HLRC was added into the

model, the moderation effect of HLRC was found to be non-significant (M4m).

H6d predicts that higher aspirations result in less complementary remarks in negotiation interactions. Regression result supported this hypothesis ($\beta = -0.34$, $p < 0.05$, M5). No significance was observed for the moderation effect of HLRC on the relationship between aspirations and distributive communications (M5m).

H9 states that negotiators' relational capital accumulated in the current session negatively affects their aspirations in the next session. The regression result did not support this hypothesis (M6). Also, no significance was observed for the moderation effect of HLRC on the relationship between relational capital in the current session and aspirations in the next session (M6m).

H10 hypothesized that negotiators' outcome perception at the end of the current session positively affects their instrumental relational commitment to the next session. The regression result did not support this hypothesis (M7). No significance was observed for the moderation effect of HLRC on the relationship between outcome perception at the end of the current session and instrumental relational commitment to the next session (M7m).

H11a predicts that negotiators' relational capital accumulated in the current session positively affects their affective relational commitment in the next session. The regression result supported this hypothesis ($\beta = 0.37$, $p < 0.05$, M8). Further analysis revealed that there was a strong moderation effect of HLRC on this relationship ($\beta = -0.30$, $p < 0.05$, M8m). Figure 5 plots the interaction between relational capital and HLRC on affective relational commitment. As it shows, in the high-relational cultural context, negotiators' relational capital on session 1 tend to have no impact on their affective relational commitment to session 2. In the low-relational cultural context, however, negotiators with higher relational capital tend to have a higher affective relational commitment to negotiation session 2. A further simple plot test showed that, for negotiators in the high-relational cultural context, the effect was non-significant ($r = 0.15$, *n.s.*); but for negotiators in the low-relational cultural context, this effect was highly significant ($r = 0.80$, $p < 0.001$).

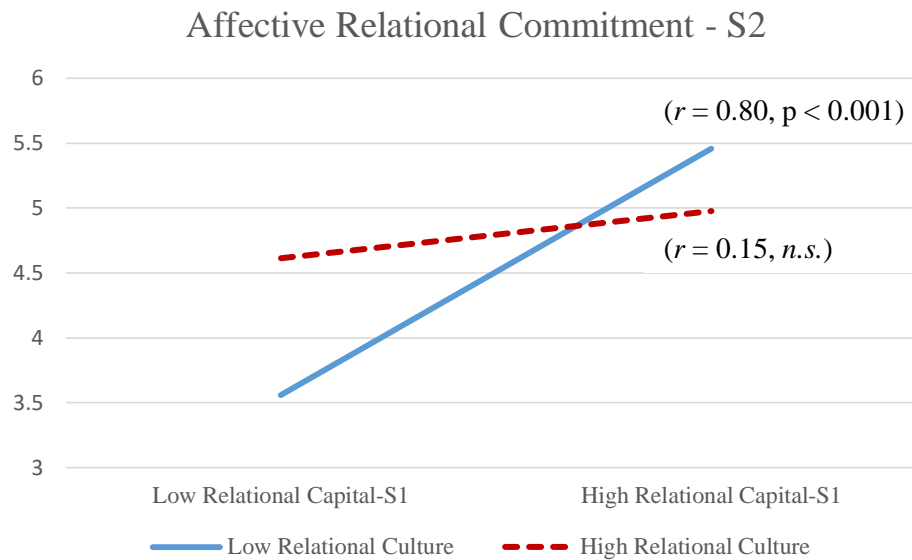


Figure 6 The Moderation Effect of High- vs. Low-Relational Cultural Context on the Relationship between Relational Capital and Affective Relational Commitment

H11b predicts that negotiators' perception of self-profit at the end of current session positively affects their affective relational commitment in the next session. The regression result supported this hypothesis ($\beta = 0.33$, $p < 0.05$, M9). Moderation analysis did not support HLRC as a moderator for this effect (M9m).

Table 15 Dyadic Level Regression Analysis of Study 2

Dependent Variables Hypotheses	Outcome Perception-S2						Relational Capital-S2							
	H7a		H7b		H7c		H8a		H8b		H8c		H8d	
Models	M10	M10m	M11	M11m	M12	M12m	M13	M13m	M14	M14m	M15	M15m	M16	M16m
Gender	-0.13	-0.05	-0.1	-0.06	0.19	0.19	-0.2	-0.18	-0.19	-0.17	-0.01	0.14	0.17	0.15
HLRC	0.08	0.11	0.04	-0.01	-0.02	-0.02	0.33	0.34	0.21	0.23	0.1	0.16	0.21	0.21
RSC	-0.02	0.09	0.18	0.23	0.1	0.11	-0.19	-0.17	0.03	0.06	-0.03	0.13	-0.03	-0.1
Distr. Comm.-S2	-0.71**	-0.72**					-0.82**	-0.82**						
Distr. Comm.-S2 × HLRC		-0.22						-0.12						
Int. Comm.-S2			0.42	0.47					0.55†	0.58†				
Int. Comm.-S2 × HLRC				0.24						0.15				
Rel. Behavior-S2											0.26	0.30		
Rel. Behavior-S2 × HLRC												0.36		
Compl. Remarks-S2					0.50*	0.50†							0.52*	0.56*
Compl. Remarks-S2 × HLRC						0.02								-0.17
R ²	0.42	0.46	0.19	0.24	0.29	0.29	0.49	0.49	0.22	0.24	0.07	0.15	0.26	0.28
F	2.74†	2.34†	0.86	0.88	1.54	1.15	3.60*	2.70†	1.08	0.9	0.28	0.51	1.28	1.08
△R ²		0.03		0.05		0		0		0.02		0.09		0.02
△F		0.87		0.96		0.01		0.04		0.48		1.41		0.46

Note: $n = 21$ intracultural negotiation dyads for all variables. S2: session 2. † $p \leq .10$, * $p \leq .05$, ** $p \leq .01$, two tailed. HLRC: high- vs. low-relational cultural context; m: Model with moderation analysis.

The hypothesis testing of H7a-7c and H8a-8d was conducted at the dyadic level. H7a predicts that negotiation dyads with a higher level of distributive communications tend to have a less positive outcome perception. The regression result supported this hypothesis ($\beta = -0.71$, $p < 0.01$, M10). Additional analysis did not reveal any moderation effect of HLRC (H10m).

H7b predicts that negotiation dyads with a higher level of integrative communications tend to have more positive outcome perception. The regression result did not support this hypothesis (M11), nor did additional analysis reveal any moderation effect of HLRC (H11m).

H7c hypothesizes that negotiation dyads with more complementary remarks tend to have a more positive perception of their economic outcome. The regression result supported this hypothesis ($\beta = 0.50$, $p < 0.05$, M12), but no moderation effect of HLRC was detected on this relationship (M12m).

H8a predicts that negotiation dyads having more distributive communications are less likely to obtain a strong relational capital. The regression result supported this hypothesis ($\beta = -0.82$, $p < 0.01$, M13), but no moderation effect of HLRC was observed (H13m).

H8b hypothesizes that negotiation dyads with more integrative communications are more likely to obtain a strong relational capital. The regression result partially supported this hypothesis with a considerable trend toward significance ($\beta = 0.55$, $p < 0.01$, M14). No moderation effect of HLRC was found (H14m).

H8c proposes that negotiation dyads exhibiting a higher level of relational behavior tend to accumulate a stronger relational capital. The regression result did not support this hypothesis (M15). Additional analysis found that the moderation effect of HLRC was non-significant (H15m).

H8d predicts that negotiation dyads having more complementary remarks are more likely to obtain a strong relational capital. The regression result supported this hypothesis ($\beta = 0.52$, $p < 0.05$, M16). But no moderation effect of HLRC was revealed (H16m).

Table 16 summarizes the analysis results for all hypotheses in study 2.

Table 16 Summary of Hypothesis Testing Results in Study 2		
Hypothesis	Intracultural Context	Culture as a Moderator
H5		Yes
H6a	Partially Supported	
H6b		Partially Yes
H6c	Partially Supported	
H6d	Supported	
H7a	Supported	
H7b		
H7c	Supported	
H8a	Supported	
H8b	Partially Supported	
H8c		
H8d	Supported	
H9		
H10		
H11a	Supported	Yes
H11b	Supported	

This study did additional analysis on the role of information exchange quality to explore whether the results from study 1 can be replicated and extended in low-relational cultures. Regarding the impact of information exchange quality on joint outcome, this study tested this effect in intracultural contexts of high- and low-relational cultures, and revealed the same non-significant result as in study 1. In addition, the causal steps approach was adopted to reexamine the mediation effect carried by information exchange quality. First, affective relational commitment was found to positively affect information exchange quality ($\beta = 0.37$, $p < 0.05$), while controlling for RSC and HLRC. Second, affective relational commitment was found to positively affect relational capital ($\beta = 0.43$, $p < 0.01$). Third, information exchange quality was added as an independent variable into the equation with relational capital as the DV, the explanatory power of the model improved from 0.23 to 0.73 and overall significance of the model increased substantially ($\Delta F = 67.79$, $p < 0.001$). The regression coefficient of information exchange quality was highly significant ($\beta = 0.78$, $p < 0.001$). Hence information exchange quality enhanced the accumulation of relational capital. Meanwhile, the effect of affective relational commitment on relational capital dropped to non-significance ($\beta = 0.15$, *n.s.*; Sobel test: $z = 2.79$, $p < 0.01$). This causal steps approach suggested a complete mediation effect of information exchange quality (Baron & Kenny, 1986). Nevertheless, an erroneous

conclusion of complete mediation may occur using such a low power approach, especially in small sample conditions (Pituch, Whittaker, & Stapleton, 2005). The concept of complete (or full) mediation also precludes the possibility of exploring other mediators (Preacher & Hayes, 2008). The study further adopted the bootstrapping method to analyze the mediation effect size. The result showed that the indirect effect mediated through information exchange quality was significant with a size of 0.26 ($p < 0.01$), while the total effect size was 0.42 ($p < 0.01$; number of bootstrap resamples = 1000). Therefore the information exchange quality served as a partial mediator which explained 61.9% of the effect on relational capital caused by affective relational commitment. This result supports the finding in study 1 and reveals that the experience of information exchange in negotiations in both high- and low-relational cultures plays a key role in shaping and producing subjective outcomes such as relational capital.

7.5 Discussion

Relationality in multi-session negotiations has been scarcely examined, and consequently, insufficiently understood. Study 2 contributes to the literature by investigating how relational mechanisms differ across cultural contexts, and how relational imprints in one session can carry over into next sessions. Overall, this study has offered clear evidence that relationality impacts on different aspects of negotiations and its role varies across different cultures. This provides an affirmative answer to the research question in study 2. Negotiators' relational propensity has distinctive impacts on aspirations within different cultural contexts. Aspirations have varied impacts on different negotiation behaviors which then affect negotiators' outcome perception and relational capital achieved at the end of a negotiation. Feedback effects occur across sessions between subjective outcomes in the prior session and affective relational commitment in the current session. These effects can be moderated by cultural context. The following sections discuss the major findings of this study.

7.5.1 How does the role of relationality vary across cultures?

Culture indeed changes the mechanisms embedded across multiple stages of negotiations. However, the fact that only three hypothesized relationships are moderated by cultural context indicates that culture moderates how relationality functions in negotiations only in certain circumstances. At the initial stage of negotiations, negotiators' cultural background influences how RSC affects aspirations. Negotiators from low-relational

cultures tend to decrease their aspiration level when their RSC is high, whereas in high-relational cultural context, higher RSC leads to higher aspirations. This dichotomous phenomenon indicates that, the much-researched phenomenon of *relational accommodation* (Amanatullah et al., 2008; Curhan et al., 2008), which manifests a reverse relation between instrumentality and relationality, could be constrained by cultural boundaries. In other words, this phenomenon only occurs in low-relational cultures. In high-relational cultures, relational accommodation does not necessarily occur. Instead, researchers are able to observe a significant positive effect of RSC on aspirations in high-relational cultural context, indicating a mix of relationality and instrumentality when negotiators develop their expectations for negotiation outcomes. This finding is consistent with study 1, which reported that the *guanxi* orientation facilitates both instrumental and affective aspects of relational commitment. In a high-relational society (e.g., China), negotiators' pursuit of affective relationship does not preclude instrumental purposes. This mixed motivation is a typical characteristic of Chinese negotiators and is replicated and extended with a high-relational cultural group in study 2. This study has clearly unraveled the culturally sensitive characteristic of relationality-instrumentality entanglement, indicating that the applicability of relational accommodation theory may be limited to low-relational cultural groups, as relationality and instrumentality can reinforce each other in high-relational cultural groups. At this stage, this study found a negative but non-significant effect of negotiators' RSC on their economic expectation in low-relational cultures. Future studies conducted in low-relational cultures may reveal more using a larger sample.

As the interaction unfolds in negotiations, negotiators' behavioral patterns are subjective to cultural influence. In particular, culture is found to moderate the impact of aspirations on negotiators' engagement in integrative communications. In high-relational cultural groups, aspirations have a trend to decrease integrative communications, whereas aspirations tend to increase integrative communications in low-relational cultural groups. This result shows that, compared with negotiators from high-relational cultures, low-relational negotiators with higher aspirations do not necessarily contend with their counterparts but may focus more on the integrative aspect of negotiations. The same economic expectation may translate into different levels of integrative communications under cultural impact. More important, as integrative communications affect joint economic outcomes (Graham et al., 1994), it can be further inferred from that aspirations

may lead to different economic consequences when cultural context is changed. This is confirmed in the finding that a significant improvement of aspirations was accompanied with higher self-gain across sessions for negotiators from low-relational cultures, whereas increasing aspirations did not lead to substantial improvement of self-gain for negotiators from high-relational cultures. Previous studies have mainly focused on how aspirations motivate negotiators to strive for more profits, without considering the cultural influence. This study provides an alternative view on the aspirations-self-gain association by highlighting the moderating role of culture, offering important implications for further studies on aspirations in negotiations.

This research unveils that cultural context also impacts how history matters in shaping negotiators' commitment to future negotiations. It is only in low-relational cultures that the relational capital accumulated in earlier negotiations would promote negotiators' current affective relational commitment. In high-relational cultures, negotiators' affective relational commitment are not affected by their relational capital formed in prior negotiations. A possible explanation can be derived from the saliency of relationality in high-relational societies. As negotiators in high-relational cultures consider relational capital as a necessary outcome of negotiations, they are less likely to be affected by the relational experiences and outcomes in prior negotiations. Their affective relational commitment is largely shaped by their relational propensity. On the contrary, for negotiators with low-relational cultural background, the achievement of relational capital can be perceived as an added value of being engaged in negotiations. They thus become more willing to be affectively committed to relational investment in following negotiations. This result lends further support to the culturally sensitive characteristic of relationality.

Overall, the change of relational cultural context influences the direction, size and significance of main effects. The moderating function of culture, revealed in this case, serves to question the generalizability of existing theories regarding relationality in negotiations, and can motivate researchers to search for new explanations which can extend the theoretical horizon to a new level. Researchers need to be aware that negotiation theories built on findings drawn from one culture do not necessarily apply in another. More attention should be given to the cultural boundary in theory development.

7.5.2 Do feedback effects exist across sessions?

The findings provide empirical support that feedback effects exist across sessions in negotiations. In line with prior research reporting the connection between prior experiences and future performance (Curhan et al., 2010; O'Connor et al., 2005), this research lends further support to the conceptualization of negotiations as interrelated episodes rather than independent events. Two feedback effects are identified, i.e., the positive impacts of both outcome perception and relational capital accumulated in the prior session on negotiators' affective relational commitment to the current session. This finding empirically substantiates the existence of the feedback effects across sessions over time, confirming the importance of negotiation history for future interactions. Curhan et al. (2010) discovered that the subjective outcomes of the current session would affect negotiators' economic performance on the subsequent session. O'Connor et al. (2005) revealed the economic correlations between two negotiation sessions. This research extends prior studies to investigate the impacts of subjective outcomes on relational commitments, which further shape negotiation behavior and outcomes, thus, identifying the mechanisms of how prior negotiation outcomes can affect future negotiations. Negotiators' feelings and judgments of prior negotiation experiences and outcomes leave imprints that are taken on to future negotiations. The presence of causalities between prior relational capital and current affective relational commitment offers strong evidence for the concept of dynamic relationality. Researchers thus should treat negotiations as interconnected processes, and adopt the temporal dynamic perspective in studying relationality, so as to better capture the relational interconnectedness among negotiation sessions.

This research did not find feedback effects of prior subjective outcomes on current aspirations and instrumental relational commitment. This indicates that factors pertaining to individual differences (e.g., relational propensity) play a greater role than accumulated relational capital in determining economic aspect of negotiation motives. The result call for further studies to test the associations among accumulated relational capital, individual differences and aspirations.

7.5.3 What determines negotiation behaviors and what do they produce?

This study takes the initiative to examine the effects of negotiator verbal behaviors on subjective outcomes such as outcome perception and relational capital, which echoes the call for research on subjective outcomes in negotiations by Curhan et al. (2006) with

empirical evidence. The findings reveal that the impact of relationality on the negotiation processes can take place through aspirations which then affect multiple negotiation behaviors. In particular, aspirations are found to influence negotiators' distributive communications, relational behaviors, and complementary remarks during ongoing negotiation interactions. By identifying and testing aspirations as the generative mechanism that drives negotiation behaviors, this study links individual differences, negotiation interactions, and negotiation outcomes altogether ([Hedström, 2005](#)). It provides an in-depth explanations as to how relationality progresses in multi-session negotiations.

The finding that higher aspirations tend to increase distributive communications is in line with the conclusions regarding the effect of aspirations in existing literature. For example, [Hamner and Harnett \(1975\)](#) revealed that negotiators with higher economic expectations would gain more profits by being more demanding in their initial offers, which indicates a higher level of distributive behavior. This study also found that aspirations slightly reduces relational behavior and significantly decreases complementary remarks in negotiations. Whereas little prior research has focused on these two behaviors in negotiations, this study discovers that economic expectation leads to less relationship-building effort, along with a lower willingness to provide necessary information and understand the other party's proposals. These findings indicate that economic expectations endorse negotiators to be more competitive, hence, less attentive to the need of the other party over conflicting issues.

The results show that negotiators' outcome perceptions are significantly undermined by distributive communications but enhanced by complementary remarks. Moreover, relational capital is weakened by distributive communications but strengthened by integrative communications and complementary remarks. These observations suggest that the choice of negotiation behaviors determines negotiators' perception of self-gain as well as relational capital. Whereas prior studies have been mainly concerned with the undesirable economic consequences of distributive communications ([Brett, Shapiro, & Lytle, 1998b](#)), or enlarged benefits of integrative communications ([Schei et al., 2010](#)), this study contributes to the literature by underlining the social psychological outcomes of a range of negotiation behaviors, hence, providing a broad picture of what on-going interaction entails.

Interestingly, the results provide empirical evidence for a greater facilitating impact of complementary remarks on relational capital than that of relational behavior. Whether resorting to relational behavior can create relational benefit remains inconclusive at this stage. Wieseke et al. (2014) reported that relational behavior can reduce the effect of customers' negotiation intention on the actual discount, but no other research has ever examined the direct relational consequences of relational behavior. A possible reason could be that negotiators endorse an implicit relational behavior rather than explicit relational behavior. On the one hand, complementary remarks eliminate the potential misunderstanding of the other party and help both parties clarify their thoughts. The use of complementary remarks thus lays a strong foundation for relationship development. On the other hand, the use of relational behavior in an expressive way may elicit a *psychological reactance* of the other party (Brehm, 1966). Because the emphasis of relationship by one party may pose a threat for the other party to freely express economic intentions, negotiators from the other party may react by asserting their instrumental pursuit more forcefully (Kray, Thompson, & Galinsky, 2001) and downgrading their perception of relational capital.

7.5.4 Limitations

This thesis adopted a trichotomous approach to classify participants' cultural background. Although participants living in Australia longer than 7 years may have sufficiently absorbed the local culture, and hence assimilated the low-relational cultural behaviors, those living in Australia less than 7 years cannot be necessarily identified with their heritage cultures. This is the reason why a further classification was proposed with 4 years as the threshold for the immigrant participants to be possibly identified with the local culture. Any potential error resulted from false identification, presumably, could be minimized with this 3-category classification coupled with their self-report identity. As no prior research has offered a relevant rule of thumb, future research could better address this issue by developing a more refined cultural background classification scheme, especially for those negotiators who are born global with multiple cultural backgrounds.

While examining the impacts of aspirations on negotiation behaviors, this study does not include other factors that may inhibit or promote the function of aspirations, such as mutual trust between negotiating parties. However, the behavioral impact of aspirations

could be subject to many other contextual influences other than culture. [Kimmel et al. \(1980\)](#) discovered that higher aspirations would lead to higher cooperation in those negotiation dyads with higher trust level, but higher competition in dyads with lower trust level. Thus, if trust is taken into consideration, there could be a three-way interaction among culture context, trust and aspirations on negotiation behaviors, which may serve as a promising avenue for future research.

7.5.5 Managerial implications

Successful negotiators initiate negotiations with a proper objective. The results of this study show that how and what negotiators communicate is highly associated with negotiators' economic goal setting. Thus negotiating managers can coordinate team members' behavioral strategies through economic goal-setting at the beginning. As it is almost impossible to directly intervene with behavioral dynamics in negotiations, goal-setting before negotiation is a practical approach. An overestimated expectation may generate unnecessary arguments while an underestimated expectation may cause premature compromises. Therefore a realistic expectation is critical to foster a friendly and trustful communication ambience. Managers may refer to a range of factors in goal-setting stage, such as self-interest, bottom line, priority issues and preferences. Another goal-setting approach is to establish an objective zone with upper and lower limit. Once a proposal falls into this zone, negotiators then have sufficient leeway to make a more balanced decision.

Managers are often confronted with the challenge of tackling with cultural issues in negotiations. The findings of this study suggest that managers could establish a culturally-sensitive training system within departments or firms. The variance of behavioral impacts between two cultural groups sheds light on practices and awareness in business negotiations across cultural barriers. When one company has to conduct negotiations in a different country, it is in their best interest to understand what the negotiation behaviors typically are in that local country. Since negotiation location creates a "home-field advantage" for the host negotiating party and psychological disadvantage for the visiting party ([Brown & Baer, 2011](#)), the cultural background of the host party becomes salient and even dominant. The visiting party has to follow the social norms and standards in the host culture. If the negotiators from the visiting party have been well-trained on a range of cultural issues, such as the negotiation style in the host country, they will be able to

fully communicate with the host party through in-depth understanding and less misjudgment. An effective negotiation training system may include knowledge sharing among team members, presentations and seminars and simulated negotiation practices.

Negotiating managers are also recommended to manage the entire negotiation process as a whole, instead of viewing each particular negotiation session as an isolated event without future. Conceptualizing the negotiation process as a one-off interaction renders negotiation representatives to narrow their time horizon and to maximize their short-term outcomes, which can easily generate more direct confrontation, arguments and contention. As evidenced in this study, overly distributive communication can devastate the existing relationship and the perceived satisfaction of agreement, casting a shadow on long-term outcomes. A long-term focus on negotiations, instead, fosters negotiators' willingness to cooperate and make the communications friendlier (Patton & Balakrishnan, 2010), thus leading to mutually beneficial economic prospects.

This dynamic conceptualization also implies that negotiators should learn from their prior interaction experiences, and adjust their negotiation strategies accordingly. As all negotiation sessions are interrelated, the prior subjective outcomes can be carried over into the current and future negotiations. A stiff behavioral strategy would not fit into the ever-changing dynamics of negotiations, which requires managers to be sensitive enough to on-going interactions with an evolving and flexible strategy.

7.6 Summary

Study 2 extends study 1 in many ways. The analysis scope was extended from a single high-relational cultural context which focuses on Chinese negotiators, to both high- and low-relational cultural contexts, with a comparative cultural perspective. The representativeness of samples was enhanced from a mono-cultural group to a culturally-diversified group. Whereas study 1 empirically tested the relational interaction mechanism of Chinese negotiators in the context of one-shot negotiations, study 2 extended the investigation of relational mechanisms across cultural contexts and explored the feedback effects across sessions. Study 2 contributes to the extant negotiation literature in two aspects. First, it unravels the cultural sensitivity of relationality in negotiations, hence, underlining the cultural boundary of negotiation theories regarding their applicability in different contexts. Second, it highlights the conceptualization of

relationality as a dynamic, rather than a static, notion by validating the feedback effects between relational constructs across sessions.

The cultural context of negotiation shapes the mechanism of negotiation dynamics both within and across sessions. Study 2 explored the impacts of relationality in different cultural contexts and provided empirical evidence for the moderating role of culture at certain stages of negotiations. Specifically, high- vs. low-relational cultural context reverses the negative impact of RSC on aspirations, and mitigates the positive impact of prior relational capital on current affective relational commitment. These findings suggest that researchers should be cautious when extrapolating existing theories and findings into new cultural contexts. When employing negotiation theories, such as relational accommodation, future studies should pay attention to the congruence between the research context and the cultural background where the theory was originally proposed. This study also discovered feedback effects between prior subjective outcomes and current affective relational commitment, lending support to the conceptualization of negotiations as a series instead of separable events. In the following study 3, data from cross-cultural negotiation groups will be added to test the existence of behavioral adaptation when negotiators interact across cultural divides, and to explore the moderation effects of cross-cultural vs. intracultural contexts in the main effects of negotiation behaviors on subjective outcomes.

CHAPTER 8: STUDY 3 - RELATIONALITY IN INTERNATIONAL NEGOTIATIONS: CULTURAL ADAPTATION AND THE MITIGATING EFFECTS OF INTERCULTURAL CONTEXT

8.1 Study Overview

International business negotiations present a cultural context, in which the cultural differences between negotiating parties can significantly influence the negotiation processes, economic outcomes, and relationships (Voldnes, Grønhaug, & Nilssen, 2012). Study 3 extends study 2 with a cross-cultural perspective. It focuses on the cultural difference in terms of distinct saliency of relationality, with an aim to understand how negotiating parties from different relational cultures (i.e., high- vs. low-relational negotiators) adapt their behaviors and response strategies in an intercultural encounter. The influence of relationality on negotiation process and outcomes is investigated when negotiators interact interculturally vis-à-vis intraculturally. More important, study 3 tends to explore the phenomenon of cultural adaptation by comparing negotiators' communication styles in intercultural versus intracultural contexts to trace the adaptation pattern in international negotiations.

The broad research question for study 3 is as follows:

RQ3: How does relationality impact negotiators in intercultural negotiations?

There are two specific questions to be explored in this study:

RQ3.1: How do negotiators from high- and low-relational cultures, when in intercultural negotiations, adapt their aspirations at the initial stage, and their negotiation behaviors during on-going interactions?

RQ3.2: How do the behavior-consequence associations differ in intercultural versus intracultural negotiations?

8.2 Theoretical Foundation and Hypotheses

8.2.1 Cultural adaptation

Cross-cultural equivalence refers to “a biconditional in which two or more informational

contents denote the same item of information” (Reynolds & Simintiras, 2000: 830). As negotiators may interpret the same behavior differently based on their own cultural norms, finding equivalence helps both negotiating parties avoid misunderstandings and bridge cultural gaps. *Cultural adaptation*, a phenomenon of “adapting one’s behavior to ... approximate that of the other culture” (Thomas & Toyne, 1995: 1), is crucial for international negotiators to find “cross-cultural equivalence” for the purpose of facilitating communications and smoothing the negotiation process (Reynolds & Simintiras, 2000). Mutual understanding would be difficult to achieve between negotiating parties, if neither party intends to adjust behaviors in an intercultural negotiation.

It has been found that high context negotiators, such as Japanese, are more likely to use indirect communication and less likely to engage in priority information sharing, compared with low context negotiators, such as Americans (Adair & Brett, 2005; Adair et al., 2001). However, this behavioral pattern typically occurs in intracultural negotiations. When negotiating in an intercultural setting, Japanese adapt their behavior by using less indirect information exchange, more direct information exchange, and less influence tactics (Adair et al., 2001). Japanese negotiators move toward typical American communication style, yet their American counterparts have no intention of adaptation in cross-cultural encounters. Other negotiation studies confirmed and extended this cultural adaptation phenomenon to a wider population within Asian cultures. Pornpitakpan (1999b) reported that the level of cultural adaptation monotonously strengthens interpersonal attraction perceived by Thai people.

By and large, people in East Asian cultures share many cultural characteristics, including collectivism, high context communication, and a high level of relational orientation. Prior research has reported that with *relational-interdependent* self-views, whether behaviors are consistent across different situations is not a fundamental indicator of personal well-being for individuals in “collectivist, particularly East Asian cultural contexts” (Cross et al., 2003: 934). East Asians like Japanese actually expect themselves to be nimble enough to change their behavior across situations (Kitayama & Markus, 1999). Adaptation, a behavioral sign of sophistication, is socially encouraged in high-relational societies. Thus negotiators with a strong relational orientation at the beginning of the negotiation would be more inclined to initiate adaptation process in an intercultural encounter.

Negotiators from low-relational cultures, however, are not expected to adapt themselves compared with their high-relational counterparts, due to the *self-consistency* pressures. Consistency between self-concept and behavior is a basic assumption of predicting social behavior in many Western (low-relational) cultures (Cross et al., 2003). For example, Americans have been found to view themselves more consistently than Koreans across multiple social contexts (Suh, 2002). People possessing self-consistency have a higher level of psychological well-being, are evaluated positively, and considered honest, whereas inconsistency begets uncomfortableness and painful experiences (Cross et al., 2003). Thus negotiators from low-relational cultural background are less likely to conduct cultural adaptation in intercultural negotiations.

This study provides *the first overarching proposition* that cultural adaptation can only be observed from high-relational negotiators in intercultural negotiating dyads. In particular, high-relational negotiators would progressively adapt to their low-relational opponents in intercultural negotiations, whereas low-relational negotiators would conform to behavioral consistency with no cultural adaptation.

Individuals' cross-cultural functioning are predicted by their understanding of the social norms and behavioral characteristics of other cultures (Rehg, Gundlach, & Grigorian, 2012). Being individual representatives of their organizations, negotiators are affected by their prior experiences and knowledge of another culture when planning their behaviors. Therefore, the cultural background of the other party not only helps create the cultural context of negotiations, but also serves as a cue for negotiators to prepare for a cognitive switch before interactions. In particular, the awareness of the cultural difference of the counterparts would shape negotiators' expectation of their economic gains.

In intercultural negotiations, negotiating parties are usually from different cultures and thus hold various beliefs, values and customs (Reynolds et al., 2003). There are more risks of impasses due to a higher level of uncertainty resulted from the cultural incongruence between the parties. Research has also found that intercultural negotiating dyads obtain less profits and have more conflicts compared with intracultural negotiating dyads (Ribbink & Grimm, 2014). For this reason, intercultural negotiation poses cultural

challenges which reduces negotiators' expectation of their economic gains (Luo & Shenkar, 2002). However, as low-relational negotiators tend to behave consistently across cultural situations, their intention of adjusting aspirations would be canceled out by the impact of behavioral consistency. As a result, they are not expected to substantially adjust their economic objectives (i.e., aspirations) at the initial stage. Such aspiration adjustment is only observed among negotiators from high-relational cultures and this leads to the following hypothesis.

H12: High-relational negotiators will decrease their aspirations in intercultural negotiations.

High-relational negotiators are expected to adopt a different communication style throughout cross-cultural negotiations. Negotiators from high-relational cultures tend to avoid interpersonal conflicts, preserve the relationship harmony, and try to reduce the opinion inconsistency (Liu et al., 2012b). In intracultural negotiations, the use of argumentative and persuasive statements, if any, is supposed to be constrained on the basis of mutual understanding of acceptable behaviors. When negotiating with counterparts from a different culture, experience from intracultural interactions can no longer serve as a reference. For high-relational negotiators, they are facing a challenging task to avoid direct confrontation in an unknown situation. This contextual shift forces them to use even less distributive communications for the purpose of maintaining harmonious relationships with the other party.

Negotiators from low-relational cultures, such as the United States, are used to low context communication and direct information exchange (Adair et al., 2001). They tend to have a higher level of confrontation than the high-relational negotiators, and more concern about facts and numbers rather than relationship building. This type of negotiation behavior would be carried over into intercultural context, as their use of distributive communication is mainly based on their self-interest, and would not be affected by a contextual shift.

H13: High-relational negotiators will decrease the use of distributive communications in intercultural negotiations.

Study 2 found that aspirations do not significantly impact on integrative communications in the intracultural context. In intercultural negotiations, however, a higher level of uncertainty exists and new mechanisms may determine negotiators' behaviors. [Adair et al. \(2001\)](#) reported that Japanese negotiators adapt their behavior through more direct information exchange. This study follows the same line of thought and argues that high-relational negotiators would maintain their concern for the other party while focusing more on self-interest at the same time. According to the Dual-Concern Model, the combination of high self-concern and high other-concern would lead to problem-solving behavior ([Ben-Yoav & Pruitt, 1984](#)), which represents "tactics of information exchange and interest integration" in negotiations ([Rhoades & Carnevale, 1999: 1778](#)), hence an increase of the behavioral integrativeness ([Graham et al., 1994](#)). They would focus more on task issues, share more priority information, and propose more multi-issue offers. These behavioral characteristics, coupled with a higher self-concern, lead to a higher frequency of integrative communications observed from high-relational negotiators who adapt across cultural gaps.

H14: High-relational negotiators will increase the use of integrative communications in intercultural negotiations.

8.2.2 Intercultural vs. intracultural context (IICC)

Study 2 has revealed that certain effects in negotiations are significantly different between high- and low-relational cultural contexts. Study 3 extends this culturally comparative perspective into a cross-cultural perspective, and proposes that the cultural incongruence between parties could result in a distinct behavioral mechanism.

International negotiation tasks can be challenging and difficult ([Reynolds et al., 2003](#)). As people from different cultures possess distinct beliefs, values, perceptions, and even biases ([Kim, Schimmack, & Oishi, 2012](#); [Rattan, Savani, Naidu, & Dweck, 2012](#); [Voldnes et al., 2012](#)), negotiators will find this international circumstance largely dissimilar from their previous intracultural interactions. Because verbal information expressed by one negotiator may not be correctly and accurately understood by the other, misconceptions and misunderstandings can easily occur during communications ([Voldnes et al., 2012](#)). As a consequence, the anticipated interpretation of certain negotiation behavior does not readily appear. For example, [Voldnes et al. \(2012\)](#) found that Russians and Norwegians

emphasize different aspects of trust. When Russian negotiators are sharing personal information for the purpose of promoting trust and relationship, Norwegians may think their Russian counterparts are hiding crucial company information. On the other hand, Norwegians' focus on the inter-firm trust may not be fully understood by their Russian counterparts either. This potential perception mismatch typically exemplifies how the effects of negotiation behaviors on subjective outcomes, observable in either high- or low-relational intracultural context, would be much alleviated in the *mixed* context of intercultural negotiations.

Though the intercultural context has been much examined in negotiation research, literature on this mitigating effect of intercultural (vs. intracultural) contexts is limited. Hardly any study has researched how behavioral impacts on subject outcomes are mitigated in the intercultural context. This lack of research is surprising, given that international negotiations are almost inevitable in today's global business (Drew, 1997). Among the few relevant studies, Ribbink and Grimm (2014) reported that intercultural context lessens the impact of trust on economic outcome. To address this knowledge gap, study 3 examines the moderating effects of IICC on the behavioral effects proposed in study 2, with *the second overarching proposition* that the saliency of impacts that negotiation behaviors have on subjective outcomes, including outcome perception and relational capital, are likely to be inhibited in intercultural negotiation dyads.

In particular, the intercultural context could undermine the behavioral effects on outcome perception. Ribbink and Grimm (2014) found that international negotiations are often less effective in producing economic outcomes. Thus, intercultural negotiating dyads are expected to have less satisfaction with the final agreement compared with intracultural dyads. This lowered outcome perception is likely to be a result from a mitigated behavioral effect. Due to the frequent intercultural misconceptions about the behavioral signals sent from the other party, both positive and negative messages are likely to be neutralized and do not fully convey the same information as they do in the intracultural context. Failure to capture the meaning of each other's behaviors generates an uncertain situation, in which the joint and personal gain cannot be predicted by the current negotiation behaviors adopted. Failure to capture the meaning of each other's behaviors adds to the uncertainty in the situation, leading to unpredicted personal gains and joint

outcomes. For this reason, international negotiators' perception of the final economic outcomes is less connected with their negotiation behaviors. Following this argument, this study argues that the impacts of negotiation behaviors on perception of economic outcome will be lessened in intercultural context.

H15a: IICC moderates the relationship between distributive communications and outcome perception, such that the negative effect of distributive communications on outcome perception is lessened in intercultural (vs. intracultural) dyads.

H15b: IICC moderates the relationship between integrative communications and outcome perception, such that the positive effect of integrative communications on outcome perception is lessened in intercultural (vs. intracultural) dyads.

H15c: IICC moderates the relationship between complementary remarks and outcome perception, such that the positive effect of complementary remarks on outcome perception is lessened in intercultural (vs. intracultural) dyads.

In addition, the intercultural context lessens the behavioral effects on relational capital. In intercultural negotiations, negotiators would face communication problems arising from conflicting behaviors and distinct perspectives among culturally incongruent parties (Cheng et al., 2015). For example, mutual understandings are hindered by the varying trust levels between negotiating parties (Gunia et al., 2011), and important non-verbal information can be missed across cultural divides (Ribbink & Grimm, 2014). As a consequence, any behavior that aims to foster relationships may not achieve the same result as it does in the intracultural context, where verbal information can be instantly picked up and understood by each other. However, distributive communications may not produce the same damage on relationships either, as negotiators may interpret contentious messages as more neutral, which may alleviate the negative impact on the accumulation of relational capital. The above discussion leads to the following hypotheses:

H16a: IICC moderates the relationship between distributive communications and relational capital, such that the negative effect of distributive communications on relational capital is lessened in intercultural (vs. intracultural) dyads.

H16b: IICC moderates the relationship between integrative communications and relational capital, such that the positive effect of integrative communications on relational capital is lessened in intercultural (vs. intracultural) dyads.

H16c: IICC moderates the relationship between relational behavior and relational capital, such that the positive effect of relational behavior on relational capital is lessened in intercultural (vs. intracultural) dyads.

H16d: IICC moderates the relationship between complementary remarks and relational capital, such that the positive effect of complementary remarks on relational capital is lessened in intercultural (vs. intracultural) dyads.

The following Figure 7 summarizes the hypothesized effects proposed in study 3.

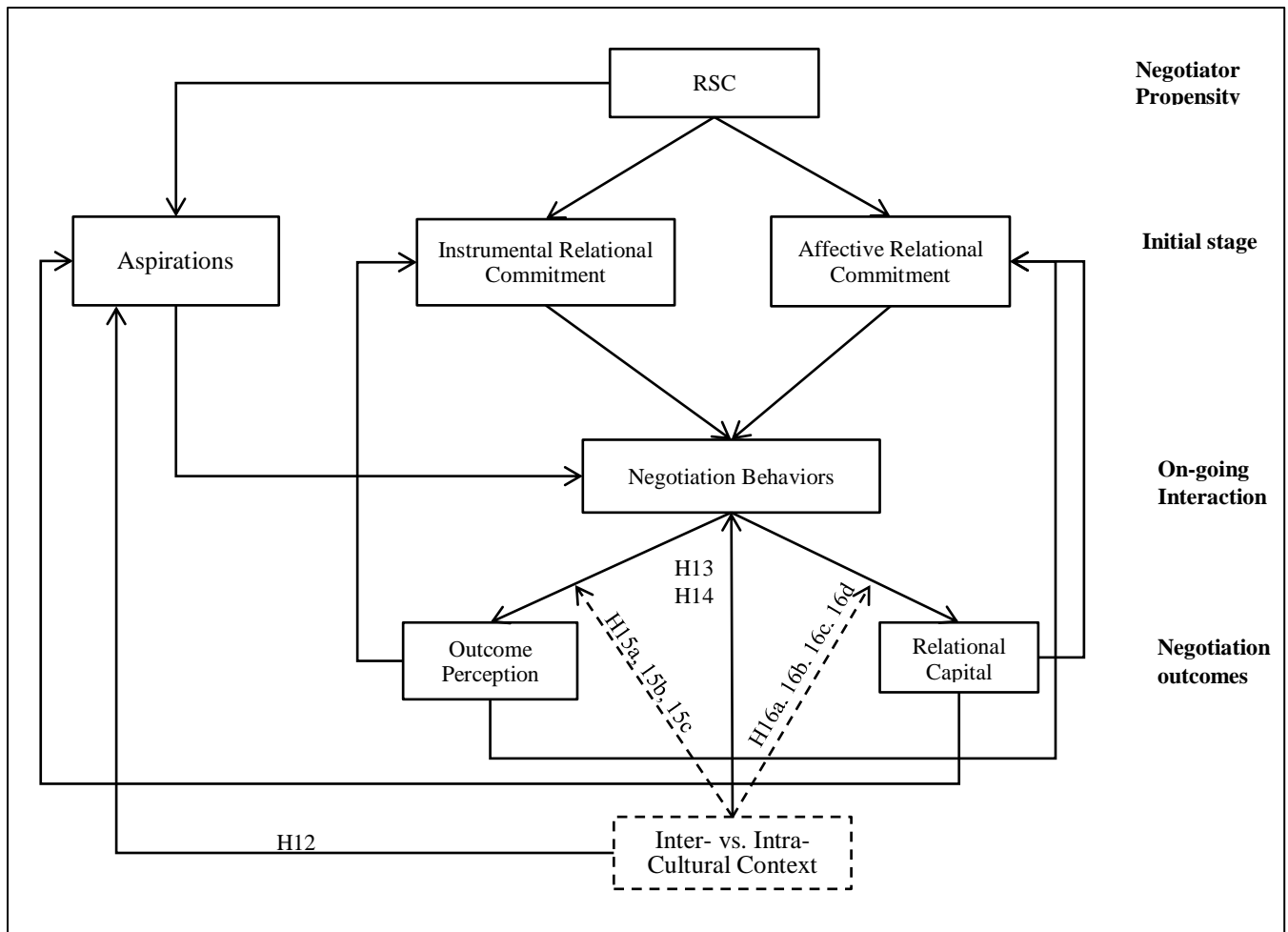


Figure 7 Theoretical Model for Study 3

8.3 Method

In study 3, data collection as well as experimental design followed the same procedures as for study 2. Details have been presented in the *Method* section of Chapter 7. The data analysis in study 3 is based on 42 intracultural participants (22 high-relational negotiators and 20 low-relational negotiators), and 34 intercultural participants (17 high- vs. low-relational negotiators) from the overall data pool.

8.4 Result

An overview of average values, standard deviations, and correlations among different variables is presented in Table 17. Gender had a significant correlation with negotiators' self-gain at session 1, and marginally significant correlation with integrative communications at session 2. Age significantly correlated with work experience and aspirations at session 1, and marginally correlated with complementary remarks at session

2. Work experience significantly correlated with aspirations at session 1, and marginally correlates with integrative communications at session 2. RSC was found to marginally correlate with relational behavior, relational capital and outcome perception at session 2. To eliminate the effects of these demographic factors and individual difference, this study controlled for gender, age, work experience, and RSC in the regression models in further hypothesis testing.

Study 3 did an additional T-test to determine whether any relational constructs are significantly different between intercultural and intracultural contexts. Results indicated no significant differences for *either* high-relational *or* low-relational negotiators regarding their RSC level, instrumental relational commitment, affective relational commitment, the frequency of relational behavior, and the relational capital.

H12-H14 were tested using independent samples T-test analysis. The moderation hypotheses H15-H16 were tested at dyadic level using hierarchical regression analysis, as shown in Table 18. Age and work experience were standardized to reduce multicollinearity. In all cases relevant statistics showed that multicollinearity was not a problem ($VIF < 3.33$, condition index < 30) (Diamantopoulos & Siguaw, 2006; Velleman & Welsch, 1981). The square rooted values of four types of negotiation behavior were used for both T-tests and hierarchical multiple regressions. IICC was added into the equation to form interaction terms in order to comprehensively test whether culture serves as a moderator for the behavior-consequences associations.

STUDY 3 - RELATIONALITY IN INTERNATIONAL NEGOTIATIONS

Table 17 Correlation Table of Variables in Study 3

Variables	Mean	s. d.	Gender	Age	Work Exp.	RSC	Aspiration-S1	Self-gain-S1	Aspiration-S2	Self-gain-S2	Distr. Comm.-S2	Int. Comm.-S2	Rel. Behavior-S2	Compl. Remarks-S2	Rel. Capital-S2
Gender	0.53	0.51													
Age	22.42	3.29	0.15												
Work Exp.	3.14	2.71	0.09	0.65**											
RSC	5.88	0.63	0.04	0.01	-0.04										
Aspiration-S1	87.16	14.06	-0.09	0.34*	0.34*	-0.09									
Self-gain-S1	83.68	8.38	0.37*	-0.03	0.14	-0.10	0.10								
Aspiration-S2	92.97	15.31	-0.06	-0.06	0.12	-0.04	0.19	0.01							
Self-gain-S2	89.47	13.13	0.17	-0.02	0.25	0.04	-0.08	0.24	0.12						
Distr. Comm.-S2	0.40	0.14	-0.20	0.24	0.06	-0.20	0.14	-0.32†	0.26	-0.18					
Int. Comm.-S2	0.24	0.09	0.30†	-0.02	0.27†	0.03	-0.23	0.32†	0.09	0.41**	-0.55***				
Rel. Behavior-S2	0.11	0.08	0.17	0.09	-0.01	0.28†	-0.14	-0.11	-0.40*	-0.03	-0.38*	0.06			
Compl. Remarks-S2	0.24	0.11	-0.18	-0.31†	-0.26	0.04	0.10	0.12	-0.14	-0.19	-0.53***	-0.11	-0.252		
Rel. Capital-S2	5.37	0.83	0.02	-0.02	-0.06	0.27†	-0.02	0.11	-0.20	0.08	-0.41**	0.22	0.153	0.238	
Outcome Perception-S2	5.03	0.79	0.16	0.00	-0.06	0.30†	-0.03	0.26	-0.19	0.19	-0.45**	0.27	0.215	0.256	.592***

Note: $n = 38$ negotiation dyads for all variables. S1 = session 1, S2 = session 2. † $p \leq 0.10$, * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$, two tailed.

Table 18 Hierarchical Regression Analysis of Study 3

Variables	Outcome Perception -S2						Relational Capital -S2							
	H15a		H15b		H15c		H16a		H16b		H16c		H16d	
	M1	M1m	M2	M2m	M3	M3m	M4	M4m	M5	M5m	M6	M6m	M7	M7m
Gender	0.05	-0.01	0.05	-0.02	0.20	0.20	-0.09	-0.15	-0.10	-0.20	-0.01	-0.03	0.05	0.04
Age	0.20	0.16	0.17	0.20	0.09	0.00	0.19	0.15	0.15	0.19	0.01	0.03	0.07	-0.01
Work Exp.	-0.16	-0.17	-0.23	-0.26	-0.06	-0.06	-0.14	-0.15	-0.20	-0.24	-0.05	-0.03	-0.04	-0.04
IICC	0.01	-0.02	-0.06	-0.04	0.06	0.06	0.00	-0.02	-0.06	-0.03	0.00	-0.02	0.05	0.04
RSC	0.21	0.21	0.27	0.29†	0.29†	0.23	0.19	0.19	0.25	0.28	0.25	0.23	0.27	0.21
Dist. Comm.	-0.44*	-0.24					-0.43*	-0.26						
Dist. Comm.×IICC		0.40*						0.35†						
Integ. Comm.			0.33†	0.24					0.31	0.17				
Integ. Comm.×IICC				-0.25						-0.38†				
Rel. Behavior											0.09	0.12		
Rel. Behavior×IICC												-0.16		
Compl. Remarks					0.31†	0.30†							0.26	0.25
Compl. Remarks×IICC						-0.30†								-0.25
R ²	0.28	0.39	0.20	0.24	0.20	0.27	0.23	0.32	0.15	0.25	0.08	0.11	0.13	0.19
F	2.00†	2.72*	1.26	1.34	1.28	1.65	1.57	2.02†	0.87	1.40	0.47	0.50	0.80	1.01
△R ²		0.11		0.04		0.08		0.08		0.10		0.02		0.06
△F		5.39*		1.70		3.26†		3.84†		4.03†		0.73		2.09

Note: $n = 38$ (intracultural and intercultural) negotiation dyads for all variables. † $p \leq 0.10$, * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$, two tailed.

IICC: Intercultural vs. intracultural context; m: Model with moderation analysis.

H12 hypothesized that negotiators from high-relational cultures would adapt by decreasing their aspirations in intercultural negotiations. This hypothesis is partially supported. The result showed that, at the initial stage of intercultural negotiations, negotiators from high-relational cultures reduced their aspirations at both session 1 (42.44, $n = 17$) and session 2 (42.35, $n = 17$), compared with those in intracultural negotiations (45.95, $n = 22$ at session 1; 49.28, $n = 22$ at session 2)⁸. Moreover, the T-test discovered that, though aspirations do not decrease significantly at session 1, there is a considerable trend toward significant decline at session 2 ($p = 0.052 < 0.10$). This indicates that cultural adaptation does take place but not necessarily at the beginning of intercultural negotiations. Instead, it could occur as an outcome of learning that negotiators may adapt their aspirations at later stages as negotiation processes unfold. Figure 8 further illustrates the changing pattern of aspirations for both high- and low-relational negotiators across sessions. For negotiators from low-relational cultures, the dynamics of their aspirations does not substantially differ across cultural contexts. Instead, there is a similar rising pattern of aspirations in intercultural and intracultural contexts, demonstrating a conformity of self-consistency in low-relational cultures. Negotiators from high-relational cultures, on the other hand, maintained a relatively low aspiration level across intercultural negotiation sessions. This aspiration dynamics is substantially different from the increasing pattern of their aspirations in intracultural negotiations.

⁸ The one-way ANOVA test showed that aspirations of negotiators with high-relational cultural background did not differ among dyads.

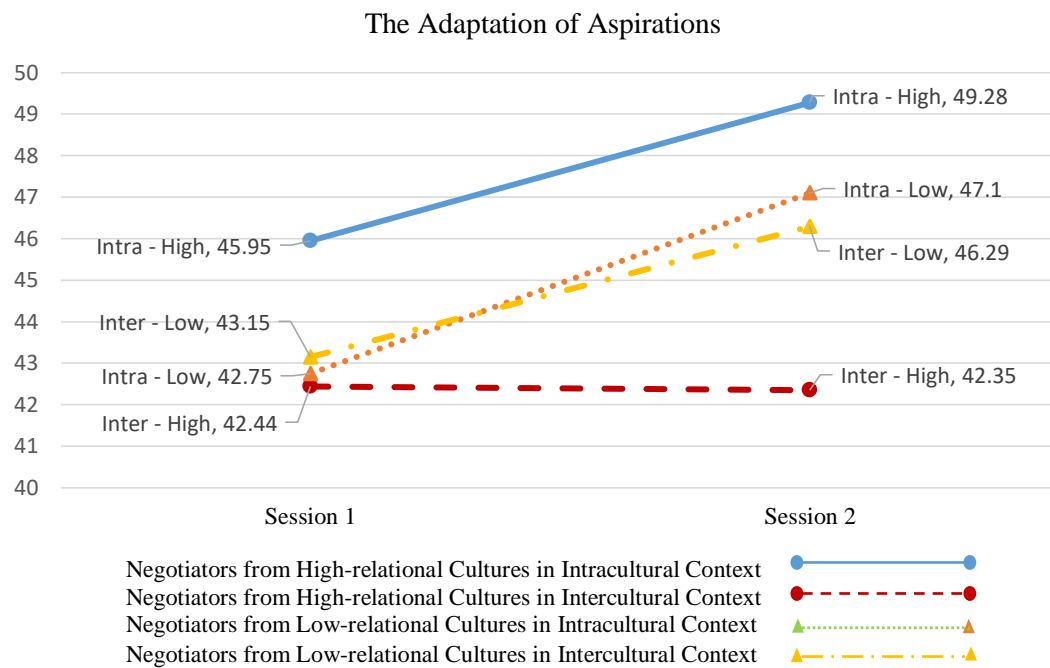


Figure 8 The Adaptation Pattern for both High- and Low-relational Negotiators across Sessions (Intercultural vs. Intracultural Patterns)

H13 hypothesized that negotiators from high-relational cultures will decrease their use of distributive communications facing intercultural (vs. intracultural) negotiations. This study compared the relative frequency of distributive communications at the on-going interaction between intercultural and intracultural negotiators with high-relational cultural background. The results did not show a significant decrease of distributive communications used in intercultural negotiations by high-relational negotiators (from a relative frequency of 0.43 [$n = 22$] to 0.40 [$n = 17$], *n. s.*). Therefore, H13 is not supported. For negotiators from low-relational cultures, their use of distributive communications did not differ significantly across cultural context either (0.34 [$n = 20$] in intracultural context, and 0.40 [$n = 17$] in intercultural context).

H14 hypothesized that negotiators from high-relational cultures will increase their use of integrative communications facing intercultural (vs. intracultural) negotiations. This study compared the relative frequency of integrative communications at the on-going interaction between intercultural and intracultural negotiators with high-relational cultural background. The results revealed a significant increase of integrative communications used in intercultural negotiations for high-relational negotiators (from a

relative frequency of 0.20 [$n = 22$] to 0.26 [$n = 17$], $p < 0.05$), thus lending support to H14⁹. For negotiators from low-relational cultures, their use of integrative communications did not differ significantly across cultural context (0.27 [$n = 20$] in the intracultural context, and 0.27 [$n = 17$] in the intercultural context).

H15a hypothesizes that the negative effect of distributive communications on outcome perception will be lessened in intercultural relational context. The regression result observed a significant negative effect of distributive communications on outcome perception ($\beta = -0.44$, $p < 0.05$, M2). Moreover, the moderation effect of ICC on this relationship was found significant ($\beta = 0.40$, $p < 0.05$, M2m). Thus the result supported H15a. Figure 9 plots the interaction between distributive communications and ICC on outcome perception with a simple plot test. As it shows, in intracultural relational context, distributive communications substantially decrease negotiators' outcome perception ($r = -0.67$, $p < 0.05$), whereas this negative effect is reduced to non-significance in intercultural relational context ($r = 0.18$, *n.s.*).

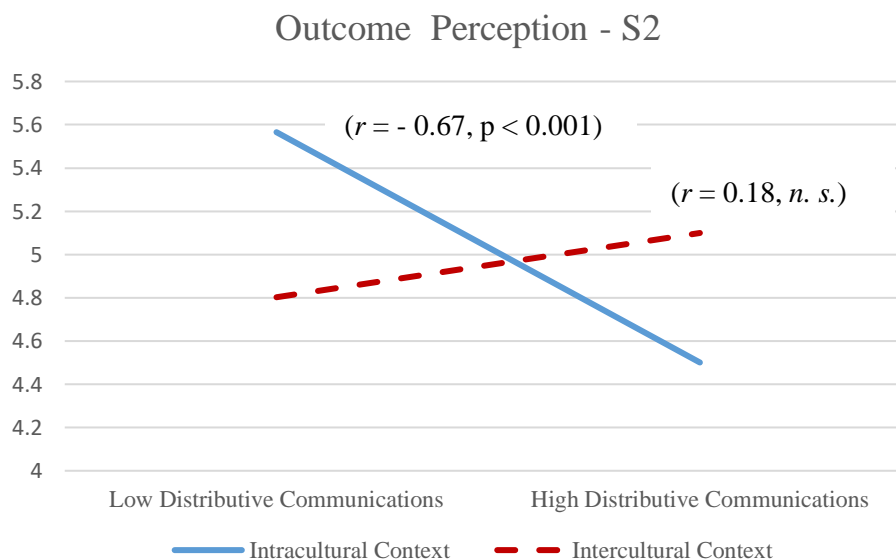


Figure 9 The Moderation Effect of Intercultural vs. Intracultural Context on the Relationship between Distributive Communications and Outcome Perception

H15b predicts that the positive effect of integrative communications on outcome perception will be lessened in intercultural relational context. The regression result

⁹ The one-way ANOVA test showed that integrative communications of all negotiators with high-relational cultural background did not differ among dyads.

confirmed a statistical positive trend toward significance regarding the effect of integrative communications on outcome perception ($\beta = 0.33$, $p < 0.10$, M1). However, the moderation effect of IICC on this relationship was non-significant (M1m). So H15b was not supported, and further analysis revealed that this main effect was non-significant in the intercultural context.

H15c hypothesizes that the positive effect of complementary remarks on outcome perception will be lessened in the intercultural relational context. The regression result showed a marginally significant impact of complementary remarks on outcome perception ($\beta = 0.31$, $p < 0.10$, M3). Moreover, the moderation effect of IICC on this relationship was found marginally significant ($\beta = -0.30$, $p < 0.10$, M3m). Thus the result partially supported H15c. Figure 10 plots the interaction between complementary remarks and IICC on outcome perception with a simple plot test. As it shows, in the intracultural relational context, complementary remarks substantially increase negotiators' outcome perception ($r = 0.64$, $p < 0.05$), whereas this positive effect is reduced to non-significance in the intercultural relational context ($r = -0.10$, $n.s.$).

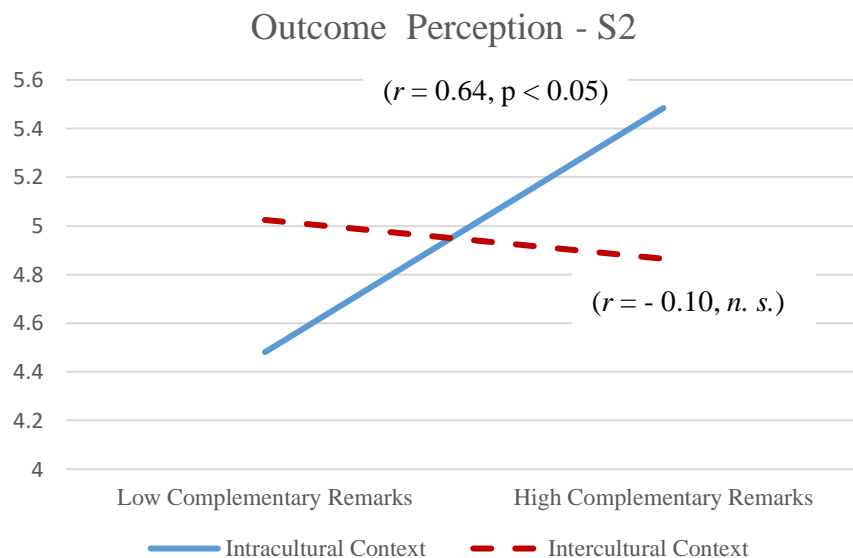


Figure 10 The Moderation Effect of Intercultural vs. Intracultural Context on the Relationship between Complementary Remarks and Outcome Perception

H16a predicted that the negative effect of distributive communications on relational capital will be lessened in the intercultural relational context. The result confirmed a significant negative effect of distributive communications on relational capital ($\beta = -0.43$, $p < 0.05$, M6). Moreover, the result revealed a considerable trend toward significance

regarding the moderation effect ($\beta = 0.35$, $p < 0.10$, M6m). Thus H16a was partially supported. Figure 11 plots the interaction between distributive communications and IICC on relational capital with a simple plot test. As it shows, in intracultural relational context, distributive communications substantially undermine negotiators' relational capital ($r = -0.60$, $p < 0.05$), whereas this negative effect is reduced to non-significance in intercultural relational context ($r = 0.10$, $n.s.$).

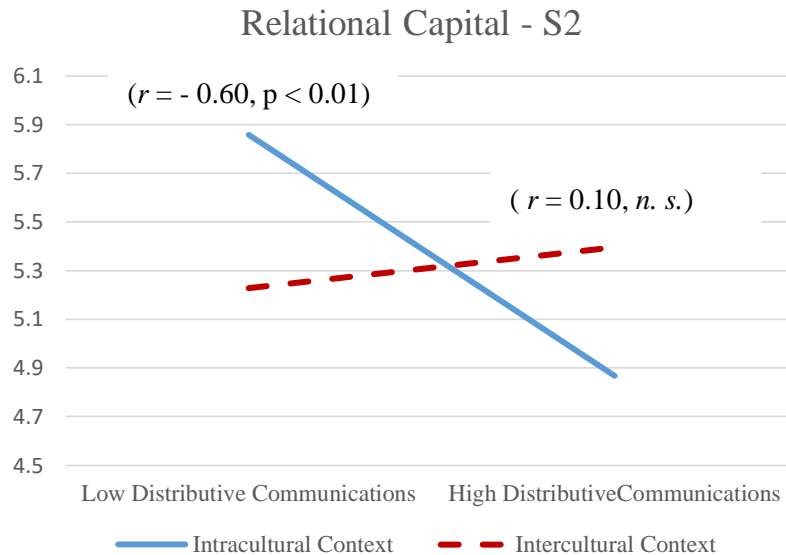


Figure 11 The Moderation Effect of Intercultural vs. Intracultural Context on the Relationship between Distributive Communications and Relational Capital

H16b predicted that the positive effect of integrative communications on relational capital will be lessened in intercultural relational context. The result found a non-significance toward the main effect of integrative communications on relational capital (M5). However, the result revealed a considerable trend toward significance regarding the moderation effect ($\beta = -0.38$, $p < 0.10$, M5m). Thus H16b was partially supported. Figure 12 plots the interaction between integrative communications and IICC on relational capital with a simple plot test. As it shows, in intracultural relational context, integrative communication substantially increase negotiators' relational capital ($r = 0.40$, $p < 0.05$), whereas this positive effect is reduced to non-significance in intercultural relational context ($r = -0.19$, $n.s.$).

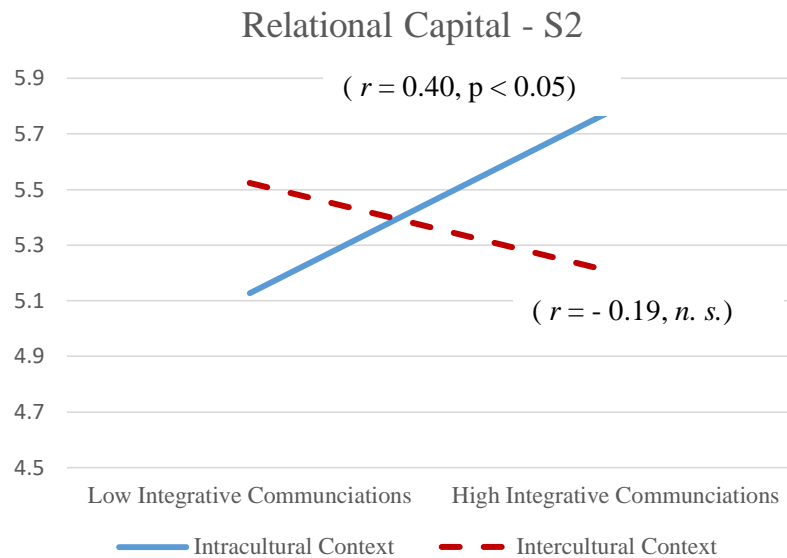


Figure 12 The Moderation Effect of Intercultural vs. Intracultural Context on the Relationship between Integrative Communications and Relational Capital

H16c predicts that the positive effect of relational behavior on relational capital will be lessened in intercultural relational context. The regression did not find a significant main effect of relational behavior on relational capital (M4), nor was the moderation effect significant (M4m). Thus H16c was not supported. Further analysis revealed that this main effect was non-significant in the intercultural context as well.

H16d hypothesizes that the positive effect of complementary remarks on relational capital will be lessened in intercultural relational context. The regression did not reveal a significant main effect of complementary remarks on relational capital (M7), nor was the moderation effect significant (M7m). Thus H16d was not supported. Further analysis revealed that this main effect was non-significant in the intercultural context.

Table 19 summarizes the analysis result of all hypotheses in study 3.

Table 19 A Result Summary of Hypothesis Testing in Study 3

Hypotheses	Specific Relationships	Result
Cultural adaptation	With the presence of intercultural context, negotiators from high-relational cultures will adapt as follows:	
H12	Aspirations decrease.	Partially Supported
H13	Distributive communications decrease.	
H14	Integrative communications increase.	Supported
Moderation effect	IICC will lessen the following main effects:	
H15a	Distributive communications → outcome perception (-)	Supported
H15b	Integrative communications → outcome perception	
H15c	Complementary remarks → outcome perception	Partially Supported
H16a	Distributive communications → relational capital (-)	Partially Supported
H16b	Integrative communications → relational capital	Partially Supported
H16c	Relational behavior → relational capital	
H16d	Complementary remarks → relational capital	

8.5 Discussion

Study 3 extends the investigation from negotiations within intracultural contexts to intercultural negotiations to examine how dynamic relationality operates in intercultural settings. This study focuses on two intercultural phenomena, i.e., the cultural adaptation of international negotiators, and the mitigating effects of intercultural context on the relationships between negotiation behaviors and subjective outcomes. The findings reveal that overall, negotiators from high-relational cultures are more willing and ready to adapt their expectations and behaviors in intercultural negotiations, whereas negotiators for low-relational cultures behave more consistently across cultural contexts. Therefore, cultural adaptation is observed only among negotiators from high-relational cultures. The impacts of relationality on negotiation processes and outcomes exists in intercultural negotiations, however, these impacts are weaker on certain occasions. The following sections will discuss the major findings in more details.

8.5.1 Cultural adaptation and self-consistency

Prior studies have only examined cultural adaptation by negotiators from specific Asian countries (Francis, 1991; Thomas & Toyne, 1995). This study extends the explanative power of the cultural adaptation theory by confirming that this phenomenon typically occurs in high-relational cultures, which encompass a range of national cultures. This

study revealed that international negotiators from high-relational cultures would adapt themselves by decreasing their economic expectation during negotiations, and exhibit more integrative communications during on-going interactions. This confirms the argument that negotiators are likely to consider intercultural negotiation tasks as a challenge that hinders economic return. For high-relational negotiators, the cultural uncertainty would raise their self-concern, which stimulates a higher level of integrative communications. That said, they do not substantially reduce the frequency of distributive communications, suggesting that high-relational negotiators regard a certain amount of arguing and persuasion as necessary and remain confrontational if needed. This reveals that cultural adaptation does not necessarily take place in all aspects. Instead, negotiators from high-relational cultures only adapt certain behaviors and expectations, but not others, such as the relational commitment and relational behavior. This observation leads to another question: Do relational commitments and relational behavior vary across cultures and if so, how are they affected? Initial evidence from study 2 suggests that RSC is positively correlated with affective relational commitment and relational behavior (Table 13). This indicates that relational commitment and behavior could be largely determined by negotiators' intrinsic relational propensity which is independent of external factors.

An interesting finding is that high-relational negotiators gradually adapt toward a lower level of aspirations as intercultural negotiations move on. At the initial stage of session 1, their reduced aspirations were not significantly lower than their intracultural counterparts. However, as the negotiation continued, they further decreased their aspirations at the beginning of session 2. This discovery indicates that cultural adaptation can occur at any time during intercultural negotiations as a consequence of learning. Consistent with the dynamic conceptualization of negotiations, cultural adaptation should not be considered as a static phenomenon which is fixed at a certain point of time. As many prolonged international negotiations take a considerable amount of time, there are many internal and external factors surrounding the prolonged negotiation sessions ([Downie, 2012](#)). For this reason, negotiators may continuously adapt their expectations to better cope with the changing situation. Future research can examine how the dynamics of aspirations continues over time in intercultural negotiations.

Low-relational negotiators, on the other hand, do not engage in cultural adaptation at all

in intercultural negotiations. They anticipate the same economic gain, preserve the same commitment level, and exhibit the same behaviors as they do in intracultural negotiations. This finding indicates that negotiators from low-relational cultural background tend to conform to the social norm of self-consistency across cultural situations. While extant studies primarily focused on the degree of self-consistency between particular national cultures (e.g., Suh, 2002), this study compares the behavioral consistency between high- and low-relational cultural groups, and provides empirical evidence that self-consistency is confined to low-relational cultures.

8.5.2 Intercultural context as an inhibitor of behavioral impacts

The results unveiled that there are no significant effects of negotiation behaviors on subjective outcomes in intercultural relational context. First, the intercultural context significantly undermines the negative impacts of distributive communications on outcome perception. This phenomenon can be attributed to a better acceptance of distributive communication in intercultural settings where negotiators expect cultural differences, hence, being more tolerant to such behaviors.

Second, the intercultural context shows a statistical trend to mitigate the positive impact of complementary remarks on outcome perception, whereas the impact of integrative communications remains non-significant in the intercultural context. Both negative and positive driving forces of outcome perception are neutralized in shaping international negotiators' perception of the negotiation outcomes. This indicates that different mechanisms operate in international negotiations to influence negotiators' perception of outcomes. International negotiators are less affected by their subjective experience of communications, rather, they would refer to hard evidence when judging negotiation outcomes. For example, negotiators' satisfaction toward the agreement is much determined by how much self-gain exceeds or disconfirms their prior economic expectations (Oliver, Balakrishnan, & Barry, 1994; Patton & Balakrishnan, 2010). As behavioral signals become vague and difficult to interpret in international negotiations, negotiators tend to base their judgment on the substantive gains dictated by the agreement. This objective outcome is then compared with their pre-set aspirations as a reference point to form their outcome perception.

Third, this study uncovered that the intercultural context tends to inhibit the behavioral

effects of distributive communications and integrative communications on relational capital. In addition, the effect of complementary remarks on relational capital, which is significant in the intracultural context (study 2), becomes non-significant in the intercultural context. These observations indicate that relational capital is a lesser concern for negotiators in intercultural negotiations. This can be attributed to international negotiators' adapted strategy of coping with relational uncertainty in cross-cultural settings. Whereas high-relational negotiators (e.g., Chinese) emphasize personal trust and relationship, low-relational negotiators (e.g., Americans) focus on profit and performance (Cannon, Doney, Mullen, & Petersen, 2010). As prior knowledge of how to build relationship through behavioral efforts is no longer applicable in this cross-cultural situation, negotiators may easily ignore or misinterpret behavioral signals with relational purposes from their counterparts. Furthermore, because deception could be more difficult to detect across cultures (Voldnes et al., 2012), the augmented cultural uncertainties bring in opportunism (Williamson, 1979). Threats of increased opportunistic behavior thwart their willingness to build relationships and switch to an evidence-oriented approach to mitigating risks of uncertainties. As a result, economic gains are perceived as more important in international negotiations and are evaluated based on factual evidence.

Overall, study 3 has identified the contingent nature of cultural adaptation, hence, revealing the cultural dynamics of relationality. In general, international negotiators become more aware of their self-gain, and less concerned about the subjective outcomes, such as relational capital. Surprisingly, cultural adaptation is only found among negotiators from high-relational cultures. Future research on international negotiations can extend this study to explore whether other causal effects would be mitigated in high- vs. low-relational intercultural negotiations.

8.5.3 Limitations

This study has two limitations which provides opportunities for further research. First, this study examines cultural adaptation by comparing the overall behavioral pattern between negotiators in intercultural and intracultural negotiations. Though this approach can clearly identify behavioral differences between high- and low-relational negotiators, it may not reflect the temporal dimension of cultural adaptation. Further research could delineate the adaptation process in international negotiators by tracing changes of behavioral frequencies over time. Second, this study only investigates the mitigating

effect of intercultural context composed of high- vs. low-relational negotiators. Further studies are suggested to explore other types of relational cultural context. For example, using a greater number of participants, researchers could examine the cultural contexts including negotiators from moderate-relational cultures.

8.5.4 Managerial implications

The research on cultural adaptation sheds light on the use of behavioral tactics in international negotiations. Though the past several decades have witnessed an explosive growth of international trade and transnational business interactions (Khouri, 1984; Tinsley, Curhan, & Kwak, 1999), many negotiation managers still lack sufficient experience to interact with foreign negotiators. Negotiators with a low-relational cultural background tend to stick to their intracultural behavioral patterns and do not easily adapt themselves in international business negotiations. When negotiation is taking place in a high-relational society with the local negotiators, this self-consistency may lead to behavioral incompatibility, misinterpretations, and finally business failure. Hence proactive cultural adaptation becomes necessary for those negotiators from low-relational cultures. Adaptation toward the other party indicates a tactical flexibility, which prevents the stiffness of a pre-set strategy from jeopardizing the creation of agreement. As the negotiation proceeds, a dynamic approach of adaptation can be adopted for negotiators to appropriately adjust their behavioral tactics over time. Any information gained beforehand, such as local cultures, customs, or business etiquettes, could also be useful for successful adaptation.

In intercultural encounters, many behavioral effects were substantially reduced. This inhibiting role of the intercultural context adds to the risks associated with international negotiation tasks. As behavioral tactics may not have the expected impacts on negotiation outcomes in intercultural settings, international negotiations are filled with enormous uncertainties and pressures driving desired negotiation outcomes. To better cope with this challenging situation, negotiators are advised to be more sensitive to the cultural background or values of their international counterparts, and be more aware of the different mechanisms for relational capital accumulation in cross cultural settings. Knowledge and awareness of the other culture would allow negotiators to customize negotiation strategies and react more appropriately in international negotiations.

8.6 Summary

The results of study 3 provide answers to the research questions with strong and clear evidence. In intercultural negotiations, negotiators with high-relational cultural background adapt themselves with lower aspirations and increased integrative communications, whereas negotiators from low-relational cultural background resort to self-consistency in every aspect. Furthermore, it was found that adaptation may occur at any time as negotiations proceed. Intercultural context substantially inhibits all the behavioral impacts on subjective outcomes, such that the effects of negotiation behaviors on relational capital and outcome perception become non-significant in intercultural negotiations. These findings add to the knowledge of relationality as a dynamic concept, and highlights the role of cultural context as an important mechanism explaining the variances of how relationality affects negotiation processes and outcomes.

CHAPTER 9: CONCLUSION

This thesis begins with a literature review on the major negotiation theories and critical perspectives, followed by a systematic content-analysis on research articles published in both top journals and specialty outlets over a 15-year timeline. The extensive review reveals that current literature falls short of an integrative view to explore the relationality in negotiations, and in particular, its cultural dynamics. To address this research void, this thesis designs and implements three empirical negotiation studies. Study 1 investigates the saliency of relationality in negotiations in a high-relational context. Study 2 compares the relational mechanism in multi-session negotiations between high- and low-relational cultures. Study 3 examines how relationality functions in intercultural vs. intracultural context. The findings add to our knowledge in several ways, including the saliency of relationality, cultural and temporal dimensions of relationality, cultural boundary of theories, and methodology contributions. Theoretical contributions and limitations of this research are discussed below.

9.1 Theoretical Contributions and Implications

This thesis adopts a series of 3 empirical studies to answer the overarching research questions concerning the culturally dynamics of relationality in negotiations. Using an indigenous approach, study 1 reveals the saliency of relationality in high-relational cultures. In particular, guanxi orientation promotes negotiators' affective relational commitment, which further enhances the quality of relational capital, mediated by the quality of information exchange. With a multi-session simulation design, study 2 confirms the different roles of relationality between high- and low-relational cultures. RSC tend to weaken negotiators' aspirations in low-relational cultures, but significantly strengthen aspirations in high-relational cultures. Aspirations affect the negotiation behaviors and outcomes differently across cultural context. Cultural context moderates the feedback effects across sessions between subjective outcomes and subsequent affective relational commitment. Study 3 further extends the culturally comparative analysis with a cross-cultural perspective, examining dynamic relationality in intercultural negotiations. The results show that negotiators from high-relational cultures are more willing to adapt themselves in intercultural encounters, whereas negotiators from low-relational cultures behave consistently between intra- and intercultural contexts. Moreover, intercultural context undermines certain behavioral effects on subjective

outcomes. Overall, these empirical studies supports the saliency of relationality in negotiations, identifies the dynamics of relationality with temporal links across negotiation sessions, and reveals the cultural varied roles of relational dynamics in negotiations. The following discussion presents the contributions of this thesis in four aspects.

9.1.1 The saliency of relationality

The research addresses the arelational paradigm in extant negotiation research by introducing a full relational perspective to examine how relational constructs play a role in negotiations. Despite the long-standing call for more research on relationality in negotiations since the late 1980s (Barley, 1991; Greenhalgh, 1987), this research is among the first empirical studies in this area. The three empirical studies explore negotiators' relational orientation using both indigenous (i.e., guanxi orientation) and global measurement (i.e, RSC). The findings reveal that relational orientation affects negotiation interactions and relational capital through its impacts on instrumental and affective relational commitment. The research on relational orientation provides new evidence as to whether and how individual differences affect negotiation behavior and outcomes, which has been a long-standing academic debate (Elfenbein, Curhan, Eisenkraft, Shirako, & Baccaro, 2008). In addition, the investigation has identified multiple causal effects among relational constructs at different negotiation stages. These findings consistently point to the presence of relationality throughout negotiation processes, hence, lending empirical support to the saliency of relationality in negotiations as well as the call for the critical perspective of relationality in future negotiation research.

9.1.2 Cultural and temporal dynamics of relationality

This research contributes to the knowledge of dynamic relationality by specifying its under-researched cultural and temporal dimensions. First, this research transcends the mono-cultural research pattern by introducing the multi-cultural perspective that covers both intracultural and intercultural encounters to explore the cultural dynamics of relationality. The findings provide initial evidence for the contingent role of relationality in intracultural situations as well as intercultural negotiations. For example, the impacts of RSC on aspirations have different directions and significance in high- vs. low-relational cultural contexts. In the intercultural negotiation context, all behavioral impacts on subjective outcomes are inhibited to non-significance, indicating different generative

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mechanisms that influence negotiators' perception of outcomes in international negotiations.

Second, this research also taps into the temporal dynamics of relationality in negotiations, hence, bridging the literature gap that few studies have ever adopted the temporal perspective to investigate negotiation dynamics. Study 2 in this research tests and discovers the existence of significant feedback effects between two negotiation sessions. This finding confirms the interrelatedness between prior experience and future interaction (Curhan et al., 2010), and substantiates the conceptualization of relationality as a dynamic notion across multiple negotiation rounds (Crump, 2007).

9.1.3 Cultural boundary of negotiation theories

Results from this research indicate a cultural boundary for the phenomenon of relational accommodation, which suggests a negative connection between relationality and instrumentality (Curhan et al., 2008). It is observed that higher RSC may only lead to lower economic concern in low-relational cultures; in high-relational cultures, however, higher RSC promotes negotiators' economic expectation. In line with the mixed-guanxi theory (Chen & Chen, 2004; Chen & Peng, 2008), these negotiators from high-relational cultural background do not necessarily follow an accommodation process to sacrifice their economic return for relational purposes (Kilmann & Thomas, 1977). This finding implies the coexistence of relationality and instrumentality for negotiators from high-relational societies, which is absent in low-relational cultures. In other words, the theory of relational accommodation, initially observed in low-relational cultures (Curhan et al., 2008), may not be universally applicable in other cultural contexts. More studies are needed to test the applicability of this theory in a culturally sensitive manner.

This research also contributes to the negotiation theory of culture adaptation by specifying the generative conditions of this phenomenon. Cultural adaptation is an evolving process that does not necessarily take place immediately when negotiations begin. Rather, it emerges as an outcome of learning as negotiations unfold and negotiators interact with each other. Prior negotiation research has focused on cultural adaptation involving negotiators from particular Asian countries, such as Japan, Korea and Thailand (Francis, 1991; Pornpitakpan, 1999a; Thomas & Toyne, 1995). This thesis extends the research perspective to discuss how cultural adaptation process could be influenced by

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relationality. In this research, cultural adaptation is observed among negotiators from high-relational cultures. Negotiators from low-relational cultures do not engage in cultural adaptation due to their adherence to self-consistency. This conclusion sheds light on a contingent approach to examining cultural adaptation in negotiations. For example, researchers should give much consideration to negotiators' relational cultural background to fully understand cultural adaptation in negotiations. To summarize, this research contributes to the development of negotiation theories with a culturally contingent approach to reexamining and contextualizing the extant theories.

9.1.4 Methodology contributions

In line with the previous call by scholars for multiple research methods to investigate the same research question ([Buelens et al., 2008: 323](#)), this thesis combines content analytical technique, experimental simulation and survey methods to explore the dynamics of relationality in both intra- and intercultural negotiation settings.

First, using multi-session simulations, this research reveals the cross-session feedback effects overlooked in previous cross-sectional negotiation studies. With a multi-session methodological design, the thesis delineates how subjective perceptions of prior negotiation experience can affect negotiators' affective relational commitment to the subsequent session. These cross-session links cannot be captured with a one-off negotiation simulation design. Researchers should recognize that cautions are needed before extending conclusions drawn from single-session simulation design to real-world negotiations which are often composed of multiple sessions ([Patton & Balakrishnan, 2010](#)).

Second, this thesis uses a dichotomy to categorize the relational saliency of different cultures into either high or low level, which promotes the negotiation research on the interplay between relationality and culture. Most cross-cultural negotiation studies focused on the differences of negotiation mechanisms between two or more countries, using a national cultural approach ([Adler, Brahm, & Graham, 1992](#); [Graham et al., 1994](#); [Metcalfe, Bird, Shankarmahesh, Aycan, Larimo, & Valdelamar, 2006](#)). Very few applied other cultural classification approaches, such as high- vs. low-context culture ([Ribbink & Grimm, 2014](#)). This thesis contributes to the cross-cultural literature with a relationality-based approach to assessing negotiators' cultural background. This cultural classification

leads to a better generalization of relationality, such that the cultural differences in negotiation processes can be viewed with a relational lens.

9.2 Managerial Implications

The findings of this research have considerable managerial implications. First, the results help managers understand better to what extent the negotiators should focus on relational aspect of the relationship with their business partners, as compared with the economic return of this relationship. The relational capital accumulated as the result of continuous negotiation interactions can indicate one's future commitment to the ongoing partnership which then affects negotiators' future communication interactions. Second, the discovery of feedback effects across sessions should alarm managers to be more long-term oriented when designing negotiation strategies. They will benefit from considering negotiations as a series of decision-making sessions, in which they adapt their aspirations and consequently communication behaviors as they become more realistic. Third, this research should raise the awareness among managers of the cultural differences in socially-shared cognition of relationality and how negotiation behaviors influence negotiation outcomes. Negotiators would be better off applying the findings of this research to advise their strategies for intercultural negotiations. For example, strong relational propensity facilitates economic expectations in high-relational society whereas it has no such an impact in low-relational society. International negotiators are expected to adjust their negotiation behaviors proactively to prevent conflicting expectations and behaviors from undermining relationship and performance. Finally, research on relationality has the potential to inspire a relational approach to negotiation training and practices. As many negotiation training sessions are arelational and focus on economic self-interest, a relational approach offers an alternative view of negotiation motivations. It does not exclude the possibility of instrumental considerations for any individual negotiator ([Ingerson et al., 2015](#)). Instead, it reminds negotiation trainers and practitioners of the coexistence of self-interest and relational concerns, hence, fostering integrative thinking and sharpening negotiation strategies. For example, instructors may teach negotiators to be sensitive to each other's relational cultural background, and design more efficient negotiation strategies to drive better economic outcomes.

9.3 Limitations and Future Research

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The experimental design of study 1-3 is based on the assumption that negotiations between two individuals can reflect inter-organizational negotiations. As real business negotiations are often conducted in the form of team negotiations between two organizations, future research may better capture the complexity of negotiation dynamics using a team or group design. While this thesis follows the majority of negotiation research design by investigating the impact of relationality on individual behaviors, much remains to be further explored regarding collective behaviors in team negotiations.

The data collected in this thesis are from student samples. Though differences between student and managerial samples are negligible ([Ribbink & Grimm, 2014](#)), and previous research has reported that the average outcome of decisions made by students and managers is strikingly similar ([Montmarquette, Rulière, Villeval, & Zeiliger, 2004](#)), it is suggested that future researchers use managerial populations to replicate this study and further investigate relationality in negotiations.

Future research may examine how other factors (e.g., pre-existing relationships, training experience, emotions and motives, negotiation medium, and time pressure) play a part in relational mechanisms. For example, literature has proposed obligation-based normative (or moral) commitment as another independent dimension of commitment to buyer-seller relationships ([Allen & Meyer, 1990](#); [Kumar et al., 1994](#)). Future studies could expand the research scope by introducing the normative component as a third aspect of commitment in shaping negotiation relationships. In addition, while this thesis examines the dynamics of relationality in a two-party context, future research may further investigate multi-party negotiations where the coalition process complicates the relational dynamics in negotiations.

APPENDIX I CODING SCHEME

- CODE 1 Research Field: 1. Management, 2. Business, 3. Social Psychology.
- CODE 2 Research Genre: 1. Conceptual, 2. Empirical (Qualitative or Quantitative).
- CODE 3 Research Method: 1. Conceptual, 2. Qualitative, 3. Meta-analysis, 4.
Simulation, 5. Survey, 6. Second-hand data.
- CODE 4 Research Perspective: 1. Relational, 2. Temporal, 3. Cross-cultural.
- CODE 5 Type of Sample: 1. MBA Students, 2. Undergraduates, 3. EMBA Students,
4. Graduate students, 5. Professionals and Managers, 6. Archives, Effect Sizes
and Other Historical Data, 7. Not Applicable.

APPENDIX II NEGOTIATION ARTICLES WITH KEY PERSPECTIVES

Summary of Negotiation Articles with Relational, Temporal or Multi-cultural perspectives (January 2000 - December 2014)

Year	Author	Journal	Perspective	Method	Sample Description	Theoretical Foundation	Findings
2014	Ariño, Reuer & Mayer	JMS	Relational, Temporal	Survey	Senior managers in 92 logistics outsourcing partnerships in 37 companies	Governance theory	The length of relationships between negotiation parties had a curvilinear, U-shaped effect on the duration of negotiation.
2014	Ribbink & Grimm	JOM	Cross-Cultural	Simulation	78 MBA students at a US business school (60.3% born in US), 16 intra- and 23 intercultural dyads respectively	Relational view, Transaction cost theory	Same (low)-context culture dyads achieved lower joint profits compared with mixed-context dyads. Cultural differences also moderated (lessen) the positive impacts of trust and cooperative strategy on joint outcome.
2014	Wieseke, Alavi & Habel	JMkt	Relational	Survey (with Second-hand data & Simulation)	Company records of 7229 customers in study 1; 158 customers surveyed in study 2; 129 retail salespeople surveyed in study 3; 138 participants in the simulations of study 4	Social exchange theory	The longer the relationship between a salesperson and a customer, the stronger the positive effects of customer loyalty on the customer's negotiation intention and on the salesperson's retention intention. The higher a salesperson's relational customer-oriented behavior, the weaker the effect of the customer's negotiation intention on discount.
2013	Chi, Friedman & Shih	NJ	Temporal	Survey	53 pairs of questionnaire from salespersons and customers	Anchoring effect	For happy salespeople, the time they spend on introducing products leads to a higher reported service quality perceived by customers.
2013	Gelfand, Brett, Gunia, Imai, Huang & Hsu	JAP	Cross-Cultural	Simulation	80 US (14 solo dyads and 14 team dyads) and 86 Taiwanese (17 solo dyads and 13 team dyads) undergraduates in study 1; 144 US (32 solo dyads and 20 team dyads) and 100 Taiwanese undergraduates (20 solo dyads and 15 team dyads) in study 2		In Taiwan, unlike US negotiators, team negotiated better outcomes than solos. Harmony norms mediated the interactive effect of culture and team context.
2013	Thomas, Thomas, Manrodt & Rutner	JSCM	Relational	Simulation	78 Senior undergraduates, 13 per cell (2-level interdependence×3 negotiation strategies)	Social exchange theory	Win-lose strategy caused greater decreases in information exchange and operational knowledge transfer activities in buyer-supplier relationships with higher interdependence.

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Year	Author	Journal	Perspective	Method	Sample Description	Theoretical Foundation	Findings
2013	Zerres, Hüffmeier, Freund, Backhaus & Hertel	JAP	Temporal	Simulation	360 business undergraduates forming 180 dyads (no training vs. buyer trained vs. seller trained vs. both trained)	Structure-mapping theory	Unilateral negotiation training was only effective when the seller was trained.
2012	Liu, Friedman, Barry, Gelfand, & Zhang	ASQ	Temporal, Cross-Cultural	Simulation	294graduate students (41US intracultural dyads; 76 Chinese intracultural dyads; 30 intercultural dyads) in study 1; 110 graduate students (19 US intracultural dyads; 18 Chinese intracultural dyads; 18 intercultural dyads) in study 2	Theory of mental models	Consensus building (i.e., mental model convergence) was more likely within intracultural than intercultural dyads. Need for closure inhibited consensus more for intercultural than intracultural dyads, whereas concern for face promoted consensus more for intercultural dyads.
2012	Mary, Sujin, Zeynep & Jeanne	IJCM	Cross-Cultural	Simulation	92 undergraduates: 16 US-US, 15 Korean-Korean, and 15 US-Korean dyads	Social awareness, Social distance	Intercultural negotiations do not necessary produce lower joint gains. How negotiators use language affects their economic performance.
2012	Lumineau & Henderson	JOM	Relational	Second-hand data	99 legal files of dispute handled by a law firm between 1991 and 2005	Governance theory	Cooperative relational experience positively affected cooperative negotiation strategy. This effect was reduced by higher contractual control governance and enhanced by contractual coordination governance.
2012	Swaab, Galinsky, Medvec & Diermeier	PSPR	Cross-Cultural	Meta-analysis	72 effect sizes in study 1 and 63 effect sizes in study 2	Richness approach theory	The presence of communication channel had a greater impact in Western cultures than in Eastern cultures, where negotiators have a generally higher cooperative orientation.
2011	Gunia, Brett, Nandkeolyar & Kamdar	JAP	Cross-Cultural	Simulation	143 US and 135 Indian MBAs in the survey of study 1; 56 Indian and 78 US EMBA in study 2; 25 Indian EMBA dyads and 25 US EMBA dyads in study 3		Indian negotiators were less willing to trust and their reluctance to extend interpersonal (as opposed to institutional) trust produced relatively poor outcomes.
2011	Yeganeh	IJCM	Cross-Cultural	Conceptual	Not applicable	High vs low context communication, Hofstede's model, Inglehart's model, Kluckhohn and Strodtbeck's model	The cultural differences between the Iranian and American are analyzed and implications for negotiation communications are discussed.

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Year	Author	Journal	Perspective	Method	Sample Description	Theoretical Foundation	Findings
2010	Liu,Chua & Stahl	JAP	Cross-Cultural	Simulation	30 US and 32 Chinese professionals for the scale development of study 1; 252 US and 288 Chinese MBAs for scale confirmation of study 2; 36 US-Chinese pairs, 40 US pairs, and 43 Chinese pairs of graduate students in study 3; 36 US pairs and 32 US-Chinese MBA pairs in study 4	Similarity-attraction theory, Anxiety-uncertainty management theory	Quality of Communication Experience (QCE) was lower in intercultural than intracultural negotiation. While higher QCE led to better negotiation outcomes, this positive effect were greater in intercultural than intracultural negotiation.
2010	Miller, Farmer, Miller, & Peters	NJ	Relational	Survey	84 union and management chief negotiators in the airline and rail industries across America	Social information processing theory, Theory of planned behavior	Relationship orientation predicts the use of interest-based negotiation strategy in labor negotiations.
2009	Giebels & Taylor	JAP	Cross-Cultural	Second-hand data	Transcripts of audiotapes of 25 crisis negotiation from Dutch or Belgian police files	High vs low context communication	Compared with high context perpetrators, low context perpetrators used more persuasive arguments and respond to persuasive arguments in a compromising way. While low context perpetrators communicated threats, higher context perpetrators tend to reciprocate threats.
2009	Ness	JMS	Temporal	Qualitative	37 semi-structured interviews and archival data on 3 dyad cases: Esthetique and L'Oréal, COOP and Lilleborg, and Scandinavia Online and Europay		The combination of governance mechanism and negotiation strategies led to different practices, which showed adaptive patterns over time.
2008	Amanatullah, Morris & Curhan	JPSP	Relational	Simulation	357 MBA students in study 1 (survey); 219 MBA students in study 2; 70 MBA students in study 3; 217 MBA students in study 4	Theory of RSC, Theory of relational accommodation	In integrative negotiations, relational accommodation occurs in high unmitigated communion negotiation dyads, along with reduced economic joint outcome but increased relational satisfaction.
2007	Adair,Weingart & Brett	JAP	Cross-Cultural	Simulation	20 US and 20 Japanese Manager Dyads	High vs low context communication, Theory of info exchange	Early offers led to higher joint gains for Japanese negotiators but lower joint gains for U.S. negotiators. Information exchanged before the first offer had a positive effect on joint gains for U.S. negotiators but negative effect for Japanese negotiators.
2007	Alon & Brett	NJ	Temporal, Cross-Cultural	Conceptual	Not applicable		Perceptions of time affect Arabic-speaking Islamic negotiators and their Western counterparts in different ways.

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Year	Author	Journal	Perspective	Method	Sample Description	Theoretical Foundation	Findings
2006	Atkin & Rinehart	NJ	Relational	Simulation	150 (unidentified) students (57 groups)	Political economy paradigm	Negotiators would be less satisfied with their relationships if coercive tactics are used during interaction.
2006	Gelfand, Major, Raver, Nishii & O'Brien	AMR	Relational	Conceptual	Not applicable	Theory of relational self-construal	Relational Self-Construal affected negotiation process and outcomes. Each dyadic structure of RSC dynamics had unique relational and economic effect on negotiation consequences.
2006	Lee, Yang & Graham	JIBS	Cross-Cultural	Simulation	176 EMBA students (90 Chinese and 86 American) in team negotiations		For Chinese, greater tension increased the likelihood of agreement with lower interpersonal attraction and lower trust. For American, it decreased likelihood of agreement, with lower trust but no effect on attraction.
2006	Macduff	NJ	Temporal, Cross-Cultural	Conceptual	Not applicable	Cultural perception of time	The experience and management of time varies across cultures, and should be considered in negotiations.
2006	Van Kleef, De Dreu & Manstead	JPSP	Temporal	Simulation	369 undergraduate business students of an European university across 3 different negotiations		Negotiators conceded more when the other party experienced supplication emotions; they conceded less when the opponents experienced appeasement emotions (especially guilt). These effects were moderated by trust.
2005	Adair & Brett	OS	Temporal, Cross-Cultural	Simulation	102 dyads from Russia, Japan, Hong Kong, and Thailand; 89 dyads from Germany, Israel, Sweden, and the US; and 45 US–Hong Kong and US–Japan dyads (involving MBA, EMBA and undergraduates)	High vs low context communication	The pattern of sequences evolved through the four negotiation stages. The frequency of particular sequences is different among cultures.
2004	Buchan, Croson & Johnson	JCR	Cross-Cultural	Simulation	168 undergraduate students from both a Japanese university and an American university	Economic game theory, Fairness theory	Fair beliefs influenced bargaining behavior when they were in accordance with one's self-interest.
2004	Mintu-Wimsatt & Graham	JAMS	Cross-Cultural	Survey	53 and 50 questionnaire data from Canadian and Mexican industrial export professionals respectively		The problem solving behaviors of Canadian and Mexicans were predicted by how they perceive the counterparts' strategy. Mexicans' problem-solving behaviors influenced their satisfaction with outcomes.

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Year	Author	Journal	Perspective	Method	Sample Description	Theoretical Foundation	Findings
2004a	Van Kleef, De Dreu & Manstead	JPSP	Temporal	Simulation	128 undergraduates in study 1 (anger vs. happiness vs. control); 103 in study 2: 2 (opponent's emotion) \times 3 (opponent's concession size); 77 in study 3: 2 (opponent's experienced emotion) \times 2 (opponent's communicated emotion)	Social contagion theory, Social functional approach to emotions	Negotiators were more likely to concede to an angry opponent. It was caused by tracking, which was absent when the other made large concessions. Angry communications resulted in fear and thus relieved the impact of the opponent's emotion.
2004b	Van Kleef, De Dreu & Manstead	JPSP	Temporal	Simulation	115 undergraduates with a 3 (the opponents' emotion) \times 2 (need for cognitive closure) design in a computer-mediated experiment in study 1; 103 undergraduates replicated in study 2; 82 managers responding to a 2 (opponent's emotion) \times 2 (participant's alternatives) full factorial designed scenario in study 3	Epistemic motivation	Negotiators were only affected by the opponents' emotion under low time pressure or low power position.
2003	Wendi	IJCM	Cross-Cultural	Simulation	93 intra-cultural low context dyads, 101 intra-cultural high context dyads, and 48 inter-cultural mixed context dyads.	High vs low context communication, Interpersonal adaptation	High context dyads use more direct integrative sequences, while low context and mixed context dyads use more indirect integrative sequences.
2002	Gelfand, Higgins, Nishii, Raver, Dominguez, Murakami, et al.	JAP	Cross-Cultural	Simulation	69 US and 90 Japanese undergraduates in study 1; 144 US and 205 Japanese undergraduates in the survey of study 2; 36 US and 23 Japanese undergraduates in the scenario of study 3; 94 US and 84 Japanese undergraduates with a 2 (culture) \times 3 (negotiation performance feedback) design in study 4	Theory of self-construal	Disputants' self-serving biases of fairness tended to be more prevalent in individualistic cultures, such as the US. Negotiating dyads with higher independent self-construal had greater egocentric biases.
2001	Adair, Okumura & Brett	JAP	Cross-Cultural	Simulation	40 US intracultural dyads; 22 Japanese intracultural dyads; 26 intercultural dyads (involving managers and graduate students)		US negotiators exchanged information directly and avoid influence in intra- and intercultural negotiations. Japanese negotiators exchanged information indirectly in intracultural negotiations, but adapted their behavior in intercultural negotiations.

APPENDIX III NEGOTIATION TASKS

Payoff Matrix for the Negotiation Task in pilot study and study 1 (buying/selling a personal laptop)

Alternative	<u>Warranty</u>		Alternative	<u>Price</u>		Alternative	<u>Configuration</u>	
	Buyer	Seller		Buyer	Seller		Buyer	Seller
2 months	0	400	¥ 10000	0	240	Standard 1	0	160
4 months	20	350	¥ 9800	30	210	Standard 2	50	140
6 months	40	300	¥ 9600	60	180	Standard 3	100	120
8 months	60	250	¥ 9400	90	150	Enhanced 1	150	100
10 months	80	200	¥ 9200	120	120	Enhanced 2	200	80
12 months	100	150	¥ 9000	150	90	Enhanced 3	250	60
14 months	120	100	¥ 8800	180	60	Premium 1	300	40
16 months	140	50	¥ 8600	210	30	Premium 2	350	20
18 months	160	0	¥ 8400	240	0	Premium 3	400	0

Payoff Matrix for the Negotiation Session 1 in study 2 and 3 (buying/selling desktop computers)

Alternative	<u>Warranty</u>		Alternative	<u>Price</u>		Alternative	<u>Configuration</u>	
	Buyer	Seller		Buyer	Seller		Buyer	Seller
2 months	0	40	\$2000	0	24	Standard 1	0	16
4 months	2	35	\$1900	3	21	Standard 2	5	14
6 months	4	30	\$1800	6	18	Standard 3	10	12
8 months	6	25	\$1700	9	15	Enhanced 1	15	10
10 months	8	20	\$1600	12	12	Enhanced 2	20	8
12 months	10	15	\$1500	15	9	Enhanced 3	25	6
14 months	12	10	\$1400	18	6	Premium 1	30	4
16 months	14	5	\$1300	21	3	Premium 2	35	2
18 months	16	0	\$1200	24	0	Premium 3	40	0

Payoff Matrix for the Negotiation Session 2 in study 2 and 3 (buying/selling enterprise management software)

Alternative	<u>Annual Price per User</u>		Alternative	<u>Customized Function</u>		Alternative	<u>Date of Payment</u>	
	Buyer	Seller		Buyer	Seller		Buyer	Seller
\$2000	48	0	100%	16	0	Within 8 months	16	0
\$2200	42	2	95%	14	6	Within 7 months	14	2
\$2400	36	4	90%	12	12	Within 6 months	12	4
\$2600	30	6	85%	10	18	Within 5 months	10	6
\$2800	24	8	80%	8	24	Within 4 months	8	8
\$3000	18	10	75%	6	30	Within 3 months	6	10
\$3200	12	12	70%	4	36	Within 2 months	4	12
\$3400	6	14	65%	2	42	Within 1 months	2	14
\$3600	0	16	60%	0	48	Immediately	0	16

APPENDIX IV MEASUREMENT SCALES USED IN ALL STUDIES

Measurement Scales Used in Pilot Study and Study 1, 2 and 3

Information Exchange Quality (Adapted from Han et al., 2010)

1. I knew the priorities of the other party. (*Deleted after CFA in study 1*)
2. The other party knew my priorities.
3. We solved discrepancies together in the negotiation.
4. The other party paid attention to my words.
5. I paid attention to the words of the other party.
6. I expressed clearly. (*Deleted after CFA in study 1*)
7. The other party expressed clearly. (*Deleted after CFA in study 1*)
8. We communicated very well with each other.

Relational Commitment on Negotiation (Adapted from Kumar et al., 1994)

Instrumental relational commitment

1. Continuing negotiating with my partner is necessary since no better alternatives exist.
2. The reason why I continue the negotiation with my partner is because of economic gain. (*Deleted after reliability test in the 2nd round of pilot study*)
3. It is troublesome to terminate negotiation and that's why I continue negotiating with my partner.

Affective relational commitment

4. The reason why I want to make an agreement with my partner is because I like working with my partner.
5. I will feel very upset, if I know my partner do not try to maintain good relationship with me during negotiation.
6. I genuinely enjoy the relationship with my partner, that's why I continue the negotiation.
7. It is pleasant negotiating with my partner, and that's why I continue negotiating with my partner. (Added for study 2 and study 3)

Relational Capital Scale (Adapted from Chen & Peng, 2008)

Instrumental component

1. We kept the other party's interest in mind in the negotiation.
2. We respected each other's point of view in the negotiation.

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3. We could fully communicate about the problems in the negotiation.
4. We are willing to negotiate with each other in the future.

Affective component

5. We trust each other.
6. We always took each other's interest in consideration.
7. I felt comfortable working with my negotiating partner.
8. We had similar negotiating style.

APPENDIX V ADDITIONAL MEASUREMENT SCALES

Additional Measurement Scales Used only in Study 1

Relationship Orientation (Liu et al., 2012b)

With a third-party perspective, I think a buyer (seller) would:

1. Intend to develop a good relationship with the other party (*Deleted after reliability test in study 1*).
2. Focus on relationship development during negotiation.
3. Believe this negotiation is an opportunity to develop a long term relationship.
4. Be willing to adjust his/her own behavior to have a good relationship with the other party during negotiation.
5. Be willing to compromise his/her own interests to foster a harmonious relationship with the other party.

Additional Measurement Scales Used only in Study 2 and 3

Relational Self-Construal (LSCS: Johnson et al., 2006)

1. If a friend was having a personal problem, I would help him/her even if it meant sacrificing my time or money.
2. I value friends who are caring, empathic individuals.
3. It is important to me that I uphold my commitments to significant people in my life.
4. Caring deeply about another person such as a close friend or relative is important to me.
5. Knowing that a close other acknowledges and values the role that I play in their life makes me feel like a worthwhile person.

Individual Self-Construal

6. I thrive on opportunities to demonstrate that my abilities or talents are better than those of other people.
7. I have a strong need to know how I stand in comparison to my coworkers.
8. I often compete with my friends. (*Deleted after CFA in study 2*)
9. I feel best about myself when I perform better than others.
10. I often find myself pondering over the ways that I am better or worse off than other people around me.

Collective Self-Construal

11. Making a lasting contribution to groups that I belong to, such as my work organization, is very important to me.
12. When I become involved in a group project, I do my best to ensure its success.
13. I feel great pride when my team or group does well, even if I am not the main reason for its success.
14. I would be honored if I were chosen by an organization or club that I belong to, to represent them at a conference or meeting.
15. When I am part of a team, I am concerned about the group as a whole instead of whether individual team members like me or whether I like them. (*Deleted after CFA in study 2*)

Perception of Self profit (Adapted from Curhan et al., 2006)

1. How satisfied are you with your own outcome?
2. To what the extent do you think your agreement (or lack of agreement) benefit you?
3. Did you feel like you forfeited or “lost” in this negotiation? (reversed)

APPENDIX VI CODING SCHEME OF NEGOTIATION BEHAVIORS

Main Categories	Subcategories	Behavioral characteristics	Examples
Relational behaviors	Relational emphasis	Mention of relationship or previous interaction experience; statements of future cooperation	"You know we value our relationship and our firm would like to keep our relationship going." "We are business partner so that's why I came to you again." "Well, it depends. If we can agree on this, I will try, just for you." ""How have you been since our last negotiation 6 months ago?"
	Positive Remarks	Statements showing understanding of the other; expression of pleasant emotions or appreciation	"This is a great session. Thanks." "Yeah. We are happy with the service of your company." "I like that offer a lot."
Integrative communications	Multiple-issue Statement	Make specific offer on multiple issues; suggest tradeoff among issues	"80% customization would cost about \$3400." "I would love to go with the 2,800 price for 75 percent of customization." "For 90% customization. This is the immediately payment."
	Priority information	Statements expressing preferences; questions eliciting the priorities and interests of the other party	"Price per unit is the biggest thing for us." "What type of customization are you after?" "Where do you stand? What would you like?"
	Accept or compromise	Accept the offer; suggest to concede	"Yes, let's make a deal." "We can do the discount from the 3,200 down to 3,000 and still let you pay within two to three months."
Distributive communications	Single-issue Statement	Make offer or express wish on one issue; ask the other party questions related to a single issue; refers to or ask bottom line on a single issue	"In that circumstance, I think as a business, I really would be looking at the 90%." "So you're willing to pay within two months?" "3 months is probably the fastest turnaround we can do for you."

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	Persuasive argumentation	Position substantiation; questioning the other party's substantiation; arguments to influence	"What I try and give you is the market standard, and this is what it is." "I think \$3000 is a very good price for that as we've lowered the quality a little bit as well." "You can make an exception for us." "Then we got to rise the price, if you want to delay the pay."
	Negative remarks	Negative reactions (e.g., anger, disappointment); refuse to accept the offer; stick to one's own position; use threats or sarcasm	"That doesn't make sense." "You are stealing from me." "We can go for other suppliers in the market which offer lower price for it." "That's sounds good to you, obviously." "That's the best deal I can offer you."
Complementary remarks	Background information	Ask or share negotiation background information; statement of facts	"So this time I'm looking for software for my computer." "It ranges from, I think, the lowest customization we have is 60% customized, or fully customized, which would be 100%. " "Like I said, with the warranty last time, we could do a similar deal on that."
	Affirmative comments	Ask to repeat; simply confirm the inquiry of the other party	"Yep." "You said 5 months?" "Mm-hmm (affirmative)."
Information segments		Comments not directly related to negotiation task; murmuring	"We're back to negotiate again." "So, you are saying..." "Well..."

APPENDIX VII ETHICS APPROVAL LETTER



MACQUARIE
University

JUNJUN CHENG <junjun.cheng@students.mq.edu.au>

Approved - 5201400932

Mrs Yanru Ouyang <fbe-ethics@mq.edu.au>
To: Dr Yimin Huang <stephanie.huang@mq.edu.au>
Cc: Mr Junjun Cheng <junjun.cheng@students.mq.edu.au>

Tue, Nov 11, 2014 at 11:37 AM

Dear Dr Huang,

Re: 'Relationship, Interdependency and Cultural Adaptation in Negotiation:
A Cross-cultural Perspective.'

Reference No.: 5201400932

Thank you for your recent correspondence. Your response has addressed the issues raised by the Faculty of Business & Economics Human Research Ethics Sub Committee. Approval of the above application is granted, effective "11/11/2014". This email constitutes ethical approval only.

This research meets the requirements of the National Statement on Ethical Conduct in Human Research (2007). The National Statement is available at the following web site:

http://www.nhmrc.gov.au/_files_nhmrc/publications/attachments/e72.pdf.

The following personnel are authorised to conduct this research:

Dr Yimin Huang
Mr Junjun Cheng

NB. STUDENTS: IT IS YOUR RESPONSIBILITY TO KEEP A COPY OF THIS APPROVAL EMAIL TO SUBMIT WITH YOUR THESIS.

Please note the following standard requirements of approval:

1. The approval of this project is conditional upon your continuing compliance with the National Statement on Ethical Conduct in Human Research (2007).
2. Approval will be for a period of five (5) years subject to the provision of annual reports.

Progress Report 1 Due: 11th Nov 2015
Progress Report 2 Due: 11th Nov 2016
Progress Report 3 Due: 11th Nov 2017
Progress Report 4 Due: 11th Nov 2018

Final Report Due: 11th Nov 2019

NB. If you complete the work earlier than you had planned you must submit a Final Report as soon as the work is completed. If the project has been discontinued or not commenced for any reason, you are also required to submit a Final Report for the project.

Progress reports and Final Reports are available at the following website:

http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms

3. If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final Report and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).

4. All amendments to the project must be reviewed and approved by the Committee before implementation. Please complete and submit a Request for Amendment Form available at the following website:

http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms

5. Please notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that affect the continued ethical acceptability of the project.

6. At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University. This information is available at the following websites:

<http://www.mq.edu.au/policy/>
http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/policy

If you will be applying for or have applied for internal or external funding for the above project it is your responsibility to provide the Macquarie University's Research Grants Management Assistant with a copy of this email as soon as possible. Internal and External funding agencies will not be informed that you have approval for your project and funds will not be released until the Research Grants Management Assistant has received a copy of this email.

If you need to provide a hard copy letter of approval to an external organisation as evidence that you have approval, please do not hesitate to contact the FBE Ethics Committee Secretariat, via fbe-ethics@mq.edu.au or 9850 4826.

Please retain a copy of this email as this is your official notification of ethics approval.

Yours sincerely,

Parmod Chand
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MACQUARIE
University

JUNJUN CHENG <junjun.cheng@students.mq.edu.au>

Amendment Nov15 Approved - 5201400932

Mrs Yanru Ouyang <yanru.ouyang@mq.edu.au>
To: Dr Yimin Huang <stephanie.huang@mq.edu.au>
Cc: Mr Junjun Cheng <junjun.cheng@students.mq.edu.au>

Mon, Nov 9, 2015 at 3:41 PM

Dear Dr Huang,

Re: Project entitled: 'Cultural Dynamics of Relationality in Negotiations:
A Multi-Perspective Framework.'
Reference No.: 5201400932

Thank you for your recent correspondence. The following amendments have
been approved:

Amend the project title to 'Cultural Dynamics of Relationality in
Negotiations: A Multi-Perspective Framework '.

Please also ensure to to change the project title on the PICF.

If you have any questions or concerns please contact the FBE Ethics
Secretariat on 9850 4826 or at the following email fbe-ethics@mq.edu.au.

Yours sincerely,

Dr. Nikola Balnave
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